

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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D 8523 B

Pressure on French
right to trim
economic plan, Page 2

World news

Business summary

Sweden charges Palme suspect

A Swedish public prosecutor charged a man arrested in Stockholm last week with being an accomplice in the assassination of Prime Minister Olof Palme.

The 35-year-old Swede was said by his lawyers to have strong right-wing views and a strong antipathy to Palme.

Police say they have a large body of circumstantial evidence linking the man to the crime. He has denied complicity. Page 2

Malaysia bombs

Five bombs exploded in the politically troubled east Malaysian state of Sabah, where police used tear gas to disperse some 2,000 militant, chanting Muslims during a march on a court.

Paris train blast

Nine people were slightly injured when an explosion, probably caused by a bomb, rocked a first-class carriage of a Paris-Lyon express train.

Rebel call to Aquino

Muslim rebels in the southern Philippines urged President Aquino's Government to grant them local autonomy to end a 16-year secessionist war. Page 4

Ecuador siege lifted

Ecuadorian President Leon Febres Cordero lifted a state of emergency he imposed last week after a murderous general seized an air base.

Spanish air strike

Spain's airline and railway workers went on strike to protest against attempts by the Government to restrict wage increases in loss-making public enterprises. Page 3

Honecker visit

East German leader Erich Honecker is to go ahead this year with a long delayed visit to West Germany. Page 3

Iraq hits tanker

Iraq jets set ablaze a Cypriot tanker heading for Iran in the northern Gulf.

Genscher attacked

pacifist hecklers shouting anti-Nato slogans interrupted West German Foreign Minister Hans Dietrich Genscher during a lecture at Salamanca University.

saved from hotel

Typhoon freed five more people from the ruins of a collapsed Singapore hotel. Sixteen survivors have of found since Saturday but 40 are still missing.

allot without bullets

Iran's Government banned voters from carrying weapons to the polls of next month's general elections.

Magogue visit

John Paul will visit the Vatican next month. The Vatican print believed this would be the first time a Pope had visited a synagogue.

Schools closed

Many Danish schools were closed for a second day as 55,000 teachers walked out in protest at government austerity measures.

Kurdish ambush

Kurdish rebels killed four soldiers in an ambush in north-east Turkey.

Nuns kidnapped

Right-wing Mozambican rebels kidnapped two European Roman Catholic nuns in the north of the country.

Ferruzzi bank buys 9% of Berisford

S.W. BERISFORD: Barclays Merchant bought a 9 per cent stake in the British commodity trading and sugar group, acting on behalf of the Italian food and agricultural group Ferruzzi. Page 24

DOLLAR fell in London to DM 2.2415 (DM 3.920); SF 1.8840 (SF 3.020); FF 6.9065 (FF 6.90) and 1.175.65 (1.176.95). The dollar's exchange rate index fell from 117.5 to 116.7. Page 41

STERLING rose 10 points against the dollar to close at \$1.4650. Elsewhere, it fell to DM 3.2925 (DM 3.2925 (DM 3.3125); SF 2.7600 (SF 2.7850); FF 10.1175 (FF 10.1875) and 2.521.25 (2.529.0). The pound's exchange rate index fell to 74.0 from 74.3. Page 41

WALL STREET: The Dow Jones industrial average closed 15.92 down at 1,778.82. Page 48

LONDON displayed pre-budget restraint and the FT Ordinary index slipped 3.0 to 1,357.7. The FT-SE 100 lost 1.8 to 1,622.8. Gilt-edged encountered sporadic bursts of interest. Page 48

TOKYO retreated after 12 consecutive advances as concern grew over the rise in the yen. The Nikkei market average dipped 8.95 to 14,655.52. Page 48

GOLD rose \$6 on the London bullion market to close at \$348.15. PAGE 40

COMPANIES

Aids hopes spur Wellcome

WELLCOME: Shares of the UK drug group surged on the London Stock Exchange on hopes for the company's new Aids drug. Page 12; Page 48

METALLGESELLSCHAFT West German metals, chemicals and trading concern, is paying a dividend of DM 6 (\$2.8) a share on its 1984-85 results after missing a payout for three successive years. Page 25

CITROEN, the French car maker, says it expects at least to break even in 1986 after recording losses every year since its takeover by the Peugeot group in 1974. Page 25

MITSUBISHI Chemical Industries, Japan's largest integrated chemical company, suffered a 24 per cent fall in pre-tax profits to ¥23,780m (\$134m), blaming the yen's rise against the dollar and falling oil prices. Page 27

CRÉDIT DU NORD, French retail bank, troubled net consolidated profits to an overall FF 91.5m (\$13.2m) last year. Page 25

WARNACO, US clothing manufacturer seeking shareholder proposal for a management buy-out, has received a rival \$364m cash bid from a group of Los Angeles investors. Page 25

KAUFMAN & BROAD, Los Angeles-based financial services group, has offered to take over the \$4bn annuity business of Baldwin-United, the failed insurer. Page 25

DISTILLERS: Argill and Guinness are again openly contesting for the UK spirits group. Argill said it would not appeal against a court decision not to order a Monopolies Commission investigation into the decision by Guinness to abandon its original bid and immediately submit a revised bid.

Nigel Lawson, Chancellor of the Exchequer, will present the British Government's budget in the House of Commons this afternoon. The Financial Times will publish full details and analysis in tomorrow's edition.

Mitterrand to name new premier after right's narrow win

BY DAVID HOUSEGO IN PARIS

PRESIDENT François Mitterrand said last night that he would shortly name a new French prime minister. The new premier would be drawn from the parties of the right, which gained a slender majority in Sunday's legislative election.

It was not immediately clear from Mr Mitterrand's unexpected declaration, broadcast a few minutes before the evening television news bulletin, whether he would name the prime minister today or wait a few days, as had been expected. Mr Mitterrand spoke from the Elysée Palace, standing beside the French flag - symbolically underlining the importance of the President's office.

Recognising that France was now entering unknown territory in that the programme of the new government would be different on "essential points" from the Socialist policies that he had advocated, Mr Mitterrand called for a "scrupulous respect for the institutions" of the Fifth Republic.

Earlier the neo-Gaullist RPR and the centrist UDF sought to prevent Mr Mitterrand from exploiting the divisions within their fragile majority by naming a prime minister who lacked their full support.

In a joint statement after a meeting of the two parties, the RPR and UDF warned politicians who might be approached by Mr Mitterrand for the premiership that they would

need the backing of the new majority in the National Assembly.

The move was also seen as a way of advancing the claims of Mr Jacques Chirac, the leader of the RPR, who is increasingly emerging as the choice of the alliance partners for the position. Mr Mitterrand also seemed to indicate in his broadcast that he had Mr Chirac in mind when he said that although the right had a "weak" majority, it none the less existed.

President Mitterrand officially has until April 2, when Parliament reconvenes, to name a new prime minister.

With his position much strengthened by Sunday's vote, which brought him within a hair's breadth of his objective of denying the right of an overall majority, the President had been expected to take his time.

Mr Laurent Fabius, the Socialist Prime Minister, yesterday offered his Government's resignation, but he remains in office as a caretaker. Uncertainty remained over whether the right would obtain an overall majority until early yesterday morning. The final result gave the right 290 or 291 seats - only 2 or 3 above the 289 required for an absolute majority. The UDF and the RPR together won only 277 seats. Their absolute majority comes from the expected support of right-wing independents and of deputies from

Polynesia. Two seats for overseas territories have yet to be declared.

Putting the best face on that disappointing outcome, some opposition members saw the slender margin as a favourable factor, bringing pressure on the disparate right-wing coalition to close ranks. It will now, for example, be increasingly difficult for Mr Raymond Barre, the former Prime Minister, who suffered a setback in his home base of the Rhône-Alpes, to deny the new Government a vote of confidence in spite of his hostility to so-called "cohabitation" with President Mitterrand.

Other politicians of the right, believe, however, that the majority is too slender to provide effective government and that the new administration will have to tread much more cautiously in applying its programme of tax cuts and sales of state assets. The risk for the right is that if it dilutes the programme too much it will lose credibility with its supporters and public opinion.

The election result was most strongly welcomed by centrist politicians and commentators, who believed it showed an electorate that would neither punish the Socialists for facing up to economic realities nor embrace the more radical of the right's free-market policies.

Right's Economic plan, Page 2; Editorial comment, Page 22; Law, Page 24; Stock markets, Page 48

UK wins first round in EEC budget challenge

BY IVO DAWNAY IN BRUSSELS

BRITAIN yesterday won a first-round victory in its challenge to the European Parliament's use of its budgetary powers.

In an interim ruling, the European Court accepted that the UK had a prima facie case in its legal objections to Parliament's imposition of an Ecu 563m (\$338m) increase on the 1986 budget agreed by the Council of Ministers.

While not pre-empting the outcome of a full hearing on the issue later in the year, the court granted the UK an injunction requiring the European Commission to restore the additional £18m (\$28m) paid by Britain in its first-quarter budget contribution to the budget fixed by the Parliament.

Officials in Brussels now believe the Commission is likely to pay back all member states their shares of the disputed element in the budget, pending the outcome of the full case in the summer.

The court's decision is unlikely to have serious implications for Community spending as the budget drawn up by the Council of Ministers looks certain to need supplementing with extra funds later in the year. Latest estimates put the overrun at Ecu 2.9bn, without including the disputed Ecu 563m.

The move does represent a significant landmark, however, in the perpetual struggle between member states in the Council and the Parliament over budget-making powers.

The next round comes this summer when the court will hear the full case against the Parliament brought by five member states - the UK, West Germany, the Netherlands, France and Luxembourg - and the Council of Ministers.

At that session, the Parliament will attempt to marshal a defence of its actions on the ground that the

member states have failed to pay for committed policies.

Yesterday's order calls on the Commission to implement the budget of Ecu 32.7bn drawn up by the Council at its second reading last November, suspending those amendments imposed by the Parliament on December 12, which pushed the total up to Ecu 33.3bn.

It also specifically requires that overpayments made by the UK in January be taken off its second-quarter payment, and invited Britain to apply for a renewal of the injunction if no final ruling is given by July 10.

To prove its case, Britain had to show that the extra payments to Brussels might cause irreparable damage on the ground that spending plans might be incurred which would eventually be shown to be illegal.

EEC-Australia trade row, Page 8

Ford Europe appoints new chief

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

FORD OF Europe has "turned the corner and is now moving in the right direction," said Mr Harold "Red" Poling, Ford's president, yesterday after the US group announced that Mr Kenneth Whipple, an executive with no operating experience, will take over as chairman of its European organisation next month.

He replaces Mr Bob Lutz who returns to the US as executive vice-president of Ford's North American truck operations.

Mr Poling stressed that this did not represent a demotion for Mr Lutz - although it will be widely interpreted as such - and insisted that talk of a personal battle between him and Mr Lutz was "180 degrees from the truth."

However, Ford is re-establishing the post Mr Lutz gave up two years ago when he returned for a second tour as chairman of Ford of Europe - executive vice president, Ford International Operations - and it will be filled by Mr Philip Benton Jr who will take control of all the cor-

poration's activities outside North America.

Mr Whipple is 51. He was born in Detroit and holds a bachelor's degree in business and engineering from Massachusetts Institute of Technology. He will report to Mr Benton.

He joins Mr Alexander Trotman, appointed president (chief executive) of Ford of Europe last October and who has long operational experience. Mr Poling said that the two executives make "an excellent complementary team."

Mr Whipple's task, as a strategist, would be to look at opportunities for Ford of Europe, to improve costs and expenditure and one of the options would be to seek cooperation with another European automotive group - "or perhaps with Ford of North America."

Ford of Europe's net profit more than doubled last year, to \$362m from \$147m in 1984 and Mr Poling said yesterday a \$1bn dollar profit is where we belong. He would not indicate how long it might take to return to this level.

The possibility that Ford might well sell more commercial vehicles than cars in North America this year gave an indication of the importance of the truck business to the group, he pointed out.

As for the alleged bad will between the two executives, Mr Poling said that when he was first president and then chairman of Ford of Europe, he recommended all of Mr Lutz's promotions - including to the position of chairman for the first time in 1979.

Mr Poling recalled that two years ago Ford had changed its organisational structure to be able to concentrate on the problems in Europe - where Ford's profits had fallen from a peak of \$1.2bn in 1979 to \$261m. But that organisation put too much strain on the president so it had been decided to re-establish the international post.

West Germany counter dollar fall, Page 8; Citroën results, Page 25

BA chief backs down on management buy-out

By Peter Riddell and Richard Evans in London

LORD KING, the chairman of British Airways, yesterday bowed to UK Government pressure and dropped any idea of a management buy-out for the state airline, which had been mooted by his advisers at the end of last week.

Lord King, after a meeting yesterday with Mrs Margaret Thatcher, said the Prime Minister had strongly reaffirmed her commitment to see the successful privatisation of BA, but he admitted that there was now no timetable for a flotation. "British Airways must be privatised before the next [general] election," he added.

After heated discussions at the weekend with Mr Nicholas Ridley, the Transport Secretary, Lord King wrote to Mrs Thatcher saying that the BA board would prefer privatisation to be accomplished by a public flotation. He said the board would pursue that intention with vigour and would continue to work closely with Mr Ridley.

The letter was issued before his meeting with the Prime Minister, which was intended to mend fences. Officials said afterwards that there had been no rebuke for Lord King but that, instead, Mrs Thatcher had sought to reassure him and BA that the Government was determined to push ahead with the privatisation of the company as soon as possible when the current difficulties were out of the way.

That followed last week's announcement that flotation would be delayed for the time being in view of uncertainties over the British-US Bermuda Two agreement on North Atlantic traffic and possible US anti-trust action affecting BA.

Mr Ridley told the House of Commons yesterday that the Government hoped to privatise BA in the coming financial year, although that could only be when the present legal difficulties were out of the way.

Lord King claimed after his meeting with Mrs Thatcher that he had not floated the idea of a management buy-out. However, there is no doubt that Lord King's advisers did make known to the press on Friday that BA management had hired stockbrokers Phillips and Drew to prepare proposals for a management buy-out coupled with a placing of shares with financial institutions.

Lord King went ahead last night with a presentation to London stockbrokers and analysts on the readiness of BA for privatisation, and said the Government's decision to postpone had come as a "bitter disappointment."

Mexicans plan to stimulate non-oil exports

BY DAVID GARDNER IN MEXICO CITY

MEXICO, the developing world's second largest foreign debtor, yesterday introduced a major export promotion package incorporating ideas implemented by successful Third World exporters such as Brazil and South Korea.

The package is designed to make exporting attractive to broad sectors of Mexican industry, which has traditionally had little need to go further than its highly protected domestic market. It is the clearest signal yet that Mexico wishes to diversify exports away from oil.

The Government anticipates the measures will boost non-oil exports this year by \$1bn to more than \$7bn. This will begin to offset the projected \$6bn loss in export earnings this year as a result of the collapse in the price of oil. Last year oil earned three quarters of Mexico's foreign exchange.

At the centre of the measures is an idea adapted from Brazil, which, like Mexico, has a foreign debt of around \$100bn. Under the scheme, a list of exporting companies, and their suppliers, will be issued with a "domestic credit card" giving them privileged access to credit and foreign exchange, as well as tax incentives and the virtual elimination of bureaucratic red tape.

The full economic cabinet and President Miguel de la Madrid took the unusual step of attending the bank's annual meeting to announce the measures.

The amount of credit available to

encourage non-oil exports and help subsidise a further liberalisation of imports will initially be 2,220bn Pesos (\$4.8bn), a nominal increase of 65 per cent on last year and a slight increase in real terms.

The Government is also concluding negotiations with the World Bank for a further \$500m to support the programme.

The authorities are also borrowing from the experience of several Far Eastern countries and setting out seriously to promote the formation of trading companies, including those with multinational involvements.

A futures market will be introduced for the "controlled" rate of the peso against the dollar at which 80 per cent of Mexico's trade is carried out, allowing exporters and importers to plan their transactions ahead. This new market, will be complemented by measures allowing export-import companies to hang on to their "controlled" rate dollars, or deposit them in Mexico and earn interest equivalent to one month's Eurodollar rates.

This could reduce the foreign exchange "haemorrhage" caused by under-invoicing exports and over-invoicing imports, a form of the chronic capital flight problem bedeviling Mexico which shows up clearly in any comparison of Mexican and US tallies of their bilateral trade flows.

Continued on Page 24

Pretoria budget aims for cautious growth

BY ANTHONY ROBINSON IN JOHANNESBURG

THE South African Government yesterday presented a cautiously expansionary budget which seeks to accommodate demands for higher spending on defence and black social programmes, without worsening the country's record rate of inflation.

Mr Barend du Plessis, South Africa's Finance Minister, introduced what he described as "a moderately expansionary budget" to ensure 3 per cent economic growth this year. He announced only marginal concessions for personal tax payers and savers and no reductions in the tax burdens on the country's all-important gold mines as well as non-mining companies.

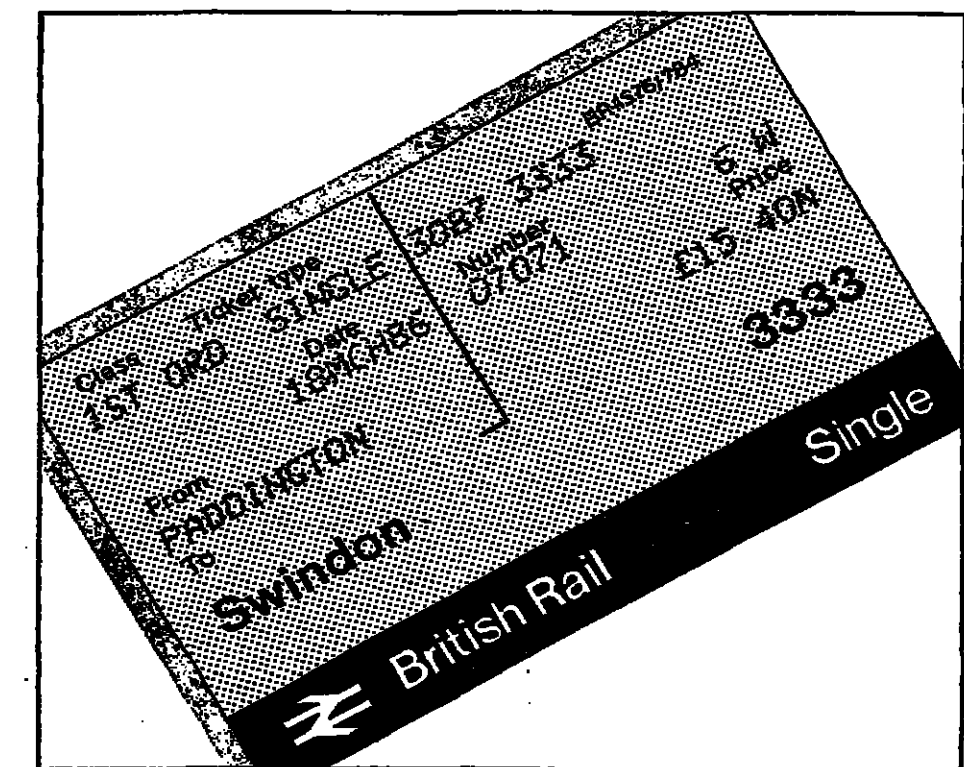
Mr du Plessis said that, with inflation running at 20 per cent and recourse to foreign capital blocked by the debt repayment standstill in-

duced last September, the scope for faster growth remained limited by the need to ensure a R4bn (\$2bn) to R5bn current account surplus this year to finance debt repayment.

He said total expenditure would rise sharply to R37.57bn from the 1985 budget figure of R30.88bn while revenue, after tax concessions totalling R1.14bn was due to increase to R33.63bn (R23.33m). The resulting deficit before borrowing of R3.94bn represents 2.7 per cent of GDP, rising to R55.06bn when debt redemption is taken into account.

The 25 per cent surcharge on gold and diamond mines and the 15 per cent surcharge on other mining companies imposed in last year's

Continued on Page 24



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EUROPEAN NEWS

Swiss turn their backs on UN membership

By William Duffell in Geneva

THE SWISS, the first people able to decide by popular vote whether they wanted to join the United Nations, on Sunday became the first to spurn the world organisation.

This rejection by a small — though wealthy — European nation may generate little more than a ripple on the stream of international politics but it does mark a milestone after decades during which every country to gain nationhood has hurried to book its seat in the UN.

The three-to-one vote against in the national referendum attests once more the singularity of the Swiss and their political attitudes. It also says something about the UN's failure to make the right impact on a democratic country which happens to be host to several of its agencies.

The outcome was above all a victory — good or bad — for local democracy. The grass-roots voters repudiated their party leaders; the 26 cantons and half cantons, not one of which produced a majority in the vote, called the Federal Council (government) and Parliament to order; the appeal to become part of the universality of nations bounced off the confederation's down-to-earth citizens.

The vote was categorical. Just over half those eligible to vote turned out, a relatively high proportion for Swiss referendums, and more than three-quarters rejected the Government's proposal.

Heart over mind

Although the biggest anti-UN vote, recorded in the "primitive" German-speaking heartland, the usual difference of opinion between German-speaking and French-speaking Switzerland was absent. In the French-speaking canton of Geneva, the UN's second home, nearly 70 per cent voted against.

Party leaders who had backed the Government spoke afterwards of a victory of heart over mind, of emotion over reason. The country's higher interests had not been understood.

The Government, appealing to voters' reason more than to their feeling for international solidarity, had argued that the ability to speak and vote in the UN would allow its diplomats to protect Switzerland's economic interests more effectively.

Most Swiss bankers and businessmen kept low profiles during the campaign. Whether or not they agreed with the Government's reasoning, their grassroots contacts told them which way the vote was likely to go.

The deeper motives influencing voters surfaced during the argument over Switzerland's neutrality which came to dominate the campaign.

Membership of the UN would undermine that neutrality, the Government's opponents claimed — an argument which foreigners, particularly those aware of the role neutral countries such as Sweden, Finland and Austria play in the UN, find it hard to understand.

Swiss neutrality is special. Its roots go back to the 16th century but it was internationally sanctified in the 1815 Treaty of Paris at the end of the Napoleonic wars and it succeeded in keeping the Swiss out of two world wars fought round its frontiers.

The domestic effects of Swiss neutrality — exemplified in the militia army — are nevertheless more important than the foreign. Belief in the principle of neutrality is the cement that binds together within the confederation three races, four languages and two religions.

National identity
Without that binding principle the confederation would almost certainly have been torn apart by the ideological and nationalistic struggles that beset Europe over the past 150 years. Instinctively Swiss voters still feel that their national identity is tied to their neutrality.

The advocates of UN membership argued that this was an anachronistic notion, no longer valid in today's shrunken world dominated by the threat of nuclear war.

The Swiss were the kind of people who would have voted at the end of the 17th century — long after Copernicus and Galileo — that the sun went round the earth. Mrs Heidi Deneys, a pro-UN socialist MP, commented after the vote.

Less noble motives no doubt also influenced voters. The Government was unfortunate in the timing of the vote. Controversy over an influx of refugees, mostly Tamils from Sri Lanka, has provoked anti-foreigner sentiment and the numerical dominance of Third World countries within the UN worries many Swiss.

The Federal Council has moved swiftly to counter any ill effects the anti-UN vote may have abroad. Swiss embassies have been briefed even before the referendum to offer "explanations."

Mr Pierre Aubert, the Foreign Minister, refusing to take the result as a personal defeat, insisted there would be no change in foreign policy or in Switzerland's role in international organisations.

After a lean period, Ireland's inward investment policy is paying off, reports Hugh Carnegie

Shamrock lure attracts foreign companies

AT THE SMART south Dublin headquarters of the Irish Industrial Development Authority (IDA), things are looking up a little. Last year the IDA achieved its best performance in attracting new industry from abroad since 1981, when it was at the peak of its international reputation as a skilled enticer of foreign companies to Irish locations.

Overseas companies negotiated more than 200 investment plans in Ireland in 1985, involving £1350m (£315m) investment in fixed assets and the eventual creation of 13,000 jobs. New jobs actually filled during the year in all IDA programmes numbered 11,000, a 10 per cent rise from 1984. The trend is forecast to continue in 1986.

This improvement follows several difficult years however and the outlook remains tough, compared with the "good times" of the late 1970s. The domestic economy is still in severe difficulties and competition to win new foreign investment has never been hotter.

On top of that, the IDA frequently has to defend itself against critics who question its policies, saying foreign companies get more in profits and tax breaks out of Ireland than Ireland gets out of them. Mr Padraic White, IDA managing director, tackled this criticism in a speech to the Cork Rotary Club.

He pointed out that the 883 foreign companies in Ireland

(327 from the US, 202 from Britain) employ 80,000 people, or 40 per cent of those in manufacturing industry. They contribute, he said, £2bn a year to the economy through wages and purchases of raw materials and services, 25 times the IDA payout to foreign companies in any year.

"I have yet to see any other public investment programme that matches the 'value for money' ratio of the IDA's foreign investments," Mr White said.

The "value for money" argument flares up every time a foreign company announces redundancies or closures in Ireland. Last year, while the queue of companies interested in coming in was healthy, the line of those pulling out grabbed more headlines.

Mostek, the US microchip maker, once a star in the IDA firmament, was the biggest casualty. Its parent, United Technologies, closed down Mostek operations worldwide in October with the loss of 400 jobs. Five hundred other jobs went with the shutdown of Atari and Storage Technologies' Irish plants and Advanced Micro Devices shelved plans to build a \$210m plant which would have employed about 1,000.

Critics say these cases show that Irish operations of foreign companies are the first to go when hard times hit and that while they remain they take out



Padraic White... tackling the "life cycle" effect

of the economy more than they put in.

With corporation tax at just 10 per cent, profit repatriation by foreign companies was around £1bn last year, compared with GNP of £16bn. Foreign companies also spend annually more than £1bn on imports.

The grant cost per job approved in all IDA programmes jumped to £15,000 in 1984 from £8,600 in 1981.

The reality, however, Mr White said, is that foreign investment is now an integral part of Ireland's economic strength. Foreign companies account for well over half of

employment in the high-technology sectors such as electronics and pharmaceuticals, reaching as high as 94 per cent in instrument engineering.

The problem for the IDA is not to find alternatives to inward investment, but to keep attracting sound new projects against increasingly tough competition from other national development agencies and, more importantly, to entrench the existing companies more deeply in the Irish economy.

The authority is putting its greatest effort into encouraging existing foreign companies to expand their operations and establish research and development facilities in Ireland. Last year, about half of all new foreign investments were expansion projects by existing companies.

They included a decision by Braun to increase its 1,000-strong Irish workforce by a third to make Carlow its world centre for personal care products.

The IDA, perhaps a little belatedly, has also set up a "national linkage programme" to increase the amount of raw materials bought locally by foreign companies. At present, they purchase 25 per cent of materials locally, proportionately far less than Irish companies.

Raising this figure would greatly assist the IDA's effort to develop indigenous small businesses and would ease

accusations that foreign companies don't pull their weight in the domestic economy.

In trying to entrench foreign industry, the IDA has encountered some problems which suggest a serious structural difficulty involved in the long-term prospects of foreign companies.

Dr Eoin O'Malley of Ireland's Economic and Social Research Institute in a recent article called this the "life cycle effect."

"It appears that new foreign plants commonly experience rapid employment growth in their early years as they build up to initial target size, followed by periods of slower growth, stagnation and eventually decline or closure."

Among a number of statistics used to show this, Dr O'Malley gave IDA figures which showed that in the electronics sector foreign companies established up to 1968 declined in employment terms within 10 years.

To try to solve this problem, the IDA has recently backed restructuring plans by several foreign companies. These have involved a shift to more capital-intensive operations and in some cases redundancies, as original projects ran out of steam.

Extending the life cycle of companies is now viewed as an increasingly important battle in the efforts to buck a declining trend.

Transport disputes threaten Easter travel chaos in Spain

By David White in Madrid

CHAOS and disruption in Spanish air and rail services, the result of separate strike movements yesterday, threaten to be repeated during the peak Easter holiday period if wage claims are not settled by then.

Traffic at Madrid and most other major Spanish airports was paralysed as ground staff of the state airline Iberia went on strike and refused to obey minimum service orders laid down by the authorities.

The breakdown of air services coincided with total stoppages on the railways for two-hour periods in the morning and evening, affecting hundreds of thousands of commuters and long-distance passengers.

Along with the latest in a series of strikes at the main steel complexes in northern Spain, the conflicts are the result of attempts to restrict wage increases in loss-making public enterprises.

Ground staff at the strike-plagued national airline are pressing for increases of about 8.5 per cent, at the top end of the range for pay increases laid down in Spain's two-year economic and social pact.

Unions claimed a 90 per cent response to the strike call yesterday as they defied Iberia's

efforts to go ahead with skeleton services.

Further 24-hour stoppages at the airports are planned for Monday, Tuesday and Wednesday of next week and on Easter Monday.

Unions at Renfe, the state rail network, claimed a majority response to their call for intermittent stoppages and envisaged similar action on Friday and next Monday, followed by 24-hour strikes on March 26 and April 1 if their claims are not met.

The railway workers want their 8.4 per cent annual pay increase to be applied to bonuses as well as basic wages, and are pressing the company to fulfil pledges on hiring new staff.

● Pacifist hecklers shouting anti-Nato slogans yesterday interrupted Mr Hans Dietrich Genscher, the West German Foreign Minister, during a lecture at Salamanca university, police told Reuters. They were bundled away by police.

West Germany firmly supported Spain's Socialist Government when it asked voters to uphold the country's 1982 membership of the North Atlantic Treaty Organisation in a referendum last week. The Socialists won the poll.

Honecker to visit West 'this year'

By Leslie Collett in Berlin

EAST GERMANY'S leader, Mr Erich Honecker, is planning to make his long-delayed visit to West Germany, this year, according to officials in both countries. The visit he had planned to make in September 1984, was cancelled because of Soviet opposition.

A senior East German official and the chief West German government spokesman, Mr Friedrich Oet, said Mr Honecker reiterated his interest in a visit when he met Chancellor Helmut Kohl last weekend in Stockholm during the funeral of Mr Olof Palme.

Mr Oet said no date had been agreed, but the East German official said late June was under consideration.

Soviet diplomats in Berlin and the West German Government also denied a report in the news magazine Der Spiegel that Mr Mikhail Gorbachev, the Soviet leader, would visit West Germany in the next few months. The



Honecker: interested magazine said this would pre-empt any visit by Mr Honecker to Bonn.

The East German leader, meanwhile, has been meeting prominent West German politicians in East Germany for the Leipzig trade fair.

His talks yesterday with Mr Martin Bangemann, the West German Economics Minister, touched on political as well as economic relations between the two German states. They agreed that East-West German trade which hit a record of nearly DM 17bn last year was a stabilising factor in international relations.

Mr Honecker also had his first meeting with Mr Eberhard Diepgen, the Governing Mayor of West Berlin, on Sunday in Leipzig. The latter said he expected East Germany would soon halt the flow of Third World asylum seekers into West Berlin after stopping their passage to West Germany earlier this year.

Nearly 1,000 refugees a week have entered the city in recent months after arriving at East Berlin's airport.

Czechoslovaks jump ship on cruise

Ten Czechoslovaks on a River Danube cruise to West Germany have failed to return to their ship after a visit to Munich, police told Reuters yesterday. Three of the group had applied for political asylum in West Germany but the rest were unaccounted for, a West German border police spokesman said.

Fourteen Czechoslovak tourists went missing from a similar cruise two weeks ago and six have sought asylum.

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FACT: Eric Holloway, of British Alcan Aluminium, said recently: "We had estimated a conventional system would take six man years to develop and implement, with LINC we were up and running with a working system in four months."

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Burroughs

OVERSEAS NEWS

Yen reaches record highs against US dollar

By Carla Rapoport in Tokyo

THE Japanese yen touched record highs against the US dollar in Tokyo yesterday as Central Bank officials remained evasive about possible intervention measures to halt the yen's climb.

After touching a record low in yesterday's trading in Tokyo, the dollar closed at 175.45, down 22.25 from Friday's close. At a specially convened press conference yesterday, Mr. Satoshi Sumita, governor of the Bank of Japan, ruled out the possibility of a third cut in Japan's discount rate but refused to comment directly on possible intervention measures which the central bank may take in the market.

Mr. Noboru Takeshita, Japan's Minister of Finance, for example, yesterday said he did not rule out in principle the possibility of dollar-buying tactics to slow down the yen's rise. Both Mr. Sumita and Takeshita agreed, however, that the yen was rising too fast, with too much speculative support.

"The problem is the rapid change," said Mr. Sumita, indicating that the level of the yen against the dollar was not acceptable. Earlier this month, the BoJ cut Japan's official discount rate by a further 0.5 per cent to 4 per cent, but this move has not altered the psychology of the foreign exchange market. Most traders now expect the dollar to slip to ¥120 or even further.

Despite the yen's continued rise, the dollar traded at around 2.25 to the dollar yesterday, little changed from last week. This suggests, according to traders, that the yen is becoming the prime speculative target.

At the same time yesterday, yields on long-term government bonds fell to record lows in Tokyo.

The benchmark 7th series 0.2 per cent 10-year bond closed yesterday at a yield of 4.54 per cent, down 0.07 per cent from the weekend, after touching a record low of 4.52 per cent during the day. Traders said they had stepped up their purchases in anticipation of lower interest rates.

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The same survey also found that 58 per cent wanted Mr. Nakasone to have a third two-year term at the LDP helm. This

Moslem rebels urge Aquino to grant autonomy in south

BY SAMUEL SENOREN IN MANILA

MOSLEM REBELS in the southern Philippines are pressing the Government of President Corason Aquino to grant them autonomy in running local government as a condition to ending a costly secessionist war that has dragged on for 16 years.

A small delegation from the Moro National Liberation Front (MNLF) based in Jeddah which arrived on Saturday with safe conduct passes issued by the Defence Ministry is to meet with Mrs. Aquino on Thursday to negotiate a peaceful solution to the conflict that has claimed the lives of tens of thousands.

Sultan Masopant Abbas, the political affairs chairman of the MNLF, will ask Mrs. Aquino to sign an agreement reached with the government of deposed President Ferdinand Marcos in Tripoli, Libya, in 1976 which provided for self-government for some Moslems in southern Philippines.

The chairman of the MNLF committee, Commander Dimas Fundato, is expected to come to Manila only when peace talks are progressing smoothly.

The Moslem rebels split into three factions. Two are seeking autonomy as a solution to improve the standard of living of the population in the south which they claim had been neglected by the central government in Manila. The third still wants secession.

The Tripoli agreement called for 13 provinces in southern Philippines to be grouped into one self-governing region with its own legislature, Islamic courts and schools.

Although the pact was signed by his representative Mr. Marcos chose to implement only portions of the agreement since it had become a highly sensitive issue in areas where there was a significant Christian population.

During the election period, Mrs. Aquino had indicated sym-

pathy towards the Moslem population but stopped short of throwing support to the MNLF cause.

To allow negotiations to run smoothly, Mrs. Aquino has ordered a truce in southern Philippines from April 1 to September 30 this year. In fact, an informal ceasefire has already been in effect since Mrs. Aquino released hundreds of political prisoners after assuming power late last month.

If the talks are successful, the MNLF fighters estimated at between 10,000 to 20,000 strong will be constituted into regional security force under the Philippine armed forces.

Mr. Abbas warned, however, that negotiations could fail through "ambitious persons close to people in power who want to establish a power base in southern Philippines."

Reformist officers in the Philippine armed forces initiated the move to invite the MNLF to the negotiating table early this month.

IMF talks urgent says Egyptian banking chief

BY TONY WALKER IN CAIRO

THE SLIDE in oil prices is adding urgency to Egypt's discussions with the International Monetary Fund about a standby facility of some \$1.5bn, according to Mr. Ali Negm, governor of the Central Bank of Egypt.

Mr. Negm said in an interview, that he expected an IMF team to arrive in Egypt soon to continue discussions begun last year. Egypt has not yet lodged a formal request. IMF officials report little, if any, progress in last year's talks.

Mr. Negm said Egypt is working with the IMF on a reform programme. Balance of payments support would assist in overhauling Egypt's multi-layered exchange rate regime.

The IMF is pressing Egypt to unify its various official exchange rates which bear little relation to the open market value of the Egyptian pound. It is also urging substantial reform of Egypt's system of food and energy subsidies that is

proving a crushing burden on the national budget.

Mr. Negm said that Egypt is planning a unified system of exchange rates, but this could only be implemented over three to five years because of the inflationary effects of suddenly bringing the official rate (used to calculate strategic imports such as foodstuffs) of E£0.70 to the US dollar to the free market which is now around one US dollar to E£1.80.

Mr. Negm said that the slump in oil prices had yet to have an impact on funds being forwarded to the Treasury by the Egyptian General Petroleum Company (EGPC) which had a particularly buoyant first six months with sales totalling some \$1.5bn, well above the figure for the comparable six months in 1984.

But he acknowledged that the collapse of the world oil market was likely to have a serious effect on revenues available to the central bank.

South African gold mine strike ends

A WEEK-LONG strike by 7,000 miners ended yesterday at the Blyvooruitzicht gold mine 30 miles west of Johannesburg. Jim Jones reports from Johannesburg.

The violence, which erupted late on Friday, appears to have accompanied management efforts to weed out men allegedly intimidating others into staying away from work. Management obtained signed statements from most of the work force expressing willingness to return to work.

In other parts of the country, a bomb blast and rioting in 13 black townships left two blacks dead and six injured, police said.

Unita frees captives

Some 176 foreigners captured by Angolan UNL rebels on March 1 have been freed and are safe in Zaire's south province of Shaba, Portugal's ambassador in Kinshasa said, Reuters reports from Lisbon. Mr. Alvaro Guerra was quoted by a Portuguese news agency saying they were in the hands of the International Red Cross in an isolated area some 900 miles from the Zairean capital Kinshasa.

Sabah Moslems riot

Police yesterday fired teargas into a crowd of 3,000 Moslem demonstrators in Kota Kinabalu, capital of the East Malaysian state of Sabah, who expressed their week-long agitation for the removal of the Christian-dominated state government. Wong Sulong reports from Kuala Lumpur.

At the same time, Datuk Pidin Kitingan, the embattled Chief Minister, won a partial victory when the Sabah high court dismissed an opposition petition to stop the elections commission from holding fresh polls in the state.

Abe tipped to follow Nakasone

BY JUREK MARTIN IN TOKYO

MR. SHINTARO ABE, Japan's Foreign Minister, appears to be gaining in the contest to succeed Mr. Yasuhiro Nakasone as president of the ruling Liberal Democratic Party, and hence Prime Minister, later this year.

A poll in yesterday's Asahi newspaper reported that Mr. Abe was the preferred choice of 36 per cent of LDP supporters, against 19 per cent for Mr. Noboru Takeshita, the Finance Minister, and 15 per cent for Mr. Kiichi Miyazawa, chairman of the party's executive board. A poll last October had given him only a small edge.

The same survey also found that 58 per cent wanted Mr. Nakasone to have a third two-year term at the LDP helm. This

is consistent with other polls, which suggest that the Prime Minister remains extremely popular in the nation at large.

However, the LDP is neither liberal nor very democratic and public opinion counts for little in assessing its secretive manoeuvring for power. Most political observers now believe that Mr. Nakasone has little chance of remaining in office beyond the expiry of his term as president in October.

The surge for Mr. Abe, however, in general estimation does find an echo in expert opinion, not so much because he has demonstrated exceptional skills or strength in party or national affairs, but because the other two "new leaders" appear

deficient in one respect or another.

Mr. Takeshita, for example, still has the most money and probably the greatest support among MPs; but he is increasingly hamstrung by the fact that the Tanaka faction, to which he belongs, refuses to unite behind him. In LDP folklore this is considered a black mark.

Mr. Miyazawa's problem, rather like Mr. Nakasone's, is that his party peers find him standoffish. It is also a commentary on party priorities that both Mr. Miyazawa and Mr. Nakasone are associated with distinctive policy positions, whereas Mr. Abe and Mr. Takeshita prefer to "get along" in the approved uncontroversial

Andrew Whitley explains why the coalition is arguing about policy Economic deadlines loom in Israel

WHAT do the flagship company of Israel's much-vaunted high-tech industries, the state-owned oligarchy, the largest contractor, development towns on the annexed Golan Heights and the health insurance scheme have in common?

They are all deep in debt. In recent weeks they have appeared for urgent government help with varying degrees of success. The list also includes the Zim national shipping line, which has made a remarkable turnaround over the past year, but still has enormous debts and the collective farms. It adds up to a major headache for Prime Minister Shimon Peres.

"I am not going to be the undertaker for agriculture and industry," Mr. Peres exploded at a recent Cabinet meeting, exasperated by the reluctance of his coalition partners from the Likud bloc to go along with Labour's plans for renewed economic growth.

A serious political crisis is brewing over the issue. Labour is pressing for agreement on four issues:

● Approval of an avowedly pro-growth economic policy.

● The setting up of a "growth fund."

● The transfer of the Finance Minister's authority to make key appointments over state corporations to the Prime Minister and his deputy, and

● The setting up of a small, ministerial-level "growth committee," to be chaired by Mr. Peres.

Likud, not surprisingly, regards the proposals as a clearly political ploy by Labour to outmanoeuvre its rivals ahead of the planned rotation of the Premiership in October. All Cabinet discussions on the interlinked topics of restoring growth and rescuing troubled enterprises have thus been stalled for the past month.

DEADLINES are looming however. Next Friday is the date by which the Government budget for the forthcoming financial year, commencing on April 1 should be approved by Parliament. At the end of the month the current wage and prices agreement between the unions and the employers, critical to the success of the current emergency economic programme, expires.

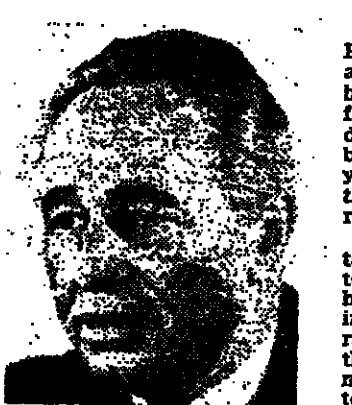
Despite its political backing for Mr. Peres's Labour alignment, the Histadrut trade union organisation is keeping its options open on whether or not to sign another binding wage pact with the coalition Government. "We have to have an agreement we can live with," said Mr. Haim Haberfeld, trades union chairman at the Histadrut, stressing the need for job creation.

Unemployment in Israel has risen from a historic average during the 1970s of around 3.2 per cent to 6.9 per cent last year. The Histadrut fears that the restrictive 1986 budget proposals drawn up by Mr. Yitzhak Moda'i the Likud Finance Minister, could push the jobless figure into the 10 or 11 per cent range, an intolerable prospect for an immigrant society.

"This is very dangerous for our state. It is a Zionist problem, not just an economic problem," said Mr. Haberfeld.

The Histadrut itself is well aware of the problems Mr. Peres faces, for it owns two of the enterprises in grave difficulty. One is Solel Boneh, the contracting company. With construction starts at their lowest in many years, Solel Boneh is in deep trouble. A cut of 3,200 in its 10,000-strong labour force has been proposed by an independent commission, but the Histadrut has come out strongly against the idea.

The difficulties facing the



Mr. Peres: "not going to be the undertaker..."

Kupat Holim, the Histadrut-run health service to which most of the population belongs, are much more intractable. The health service owes \$525m to the commercial banking system and bankers are beginning to get nervous.

Raising charges to users would help, but this would be politically painful on top of last year's sharp cut in Israel's standard of living.

The alternative, suggested by Likud, would involve selling-off some of the Histadrut's more viable corporate assets to finance the other arms of its large empire.

When the coalition national unity Government took office in October 1984, the privatisation of some state companies was said to be official policy. But little has happened and, most observers believe little is likely to happen on this front in the near future.

To present the Labour-Likud clash on the economy as a straightforward profligacy versus parsimonious policy confrontation would be misleading, however.

As Mr. Amnon Neuhach, the Prime Minister's economic adviser, points out, the overall budget deficit has been slashed from 14 per cent of gross domestic product in 1984 to between 6 and 7 per cent last year, largely through the cutting of subsidies. The target range for 1986 is 4 to 5 per cent.

So far the Government has taken a cautious attitude towards the various crises for help it has received. Private industry is to be allowed to raise an additional \$450m on the domestic capital markets next year, and the major banks to be permitted to exceed their foreign borrowing limits so as to bale out Elscint, the high-tech concern.

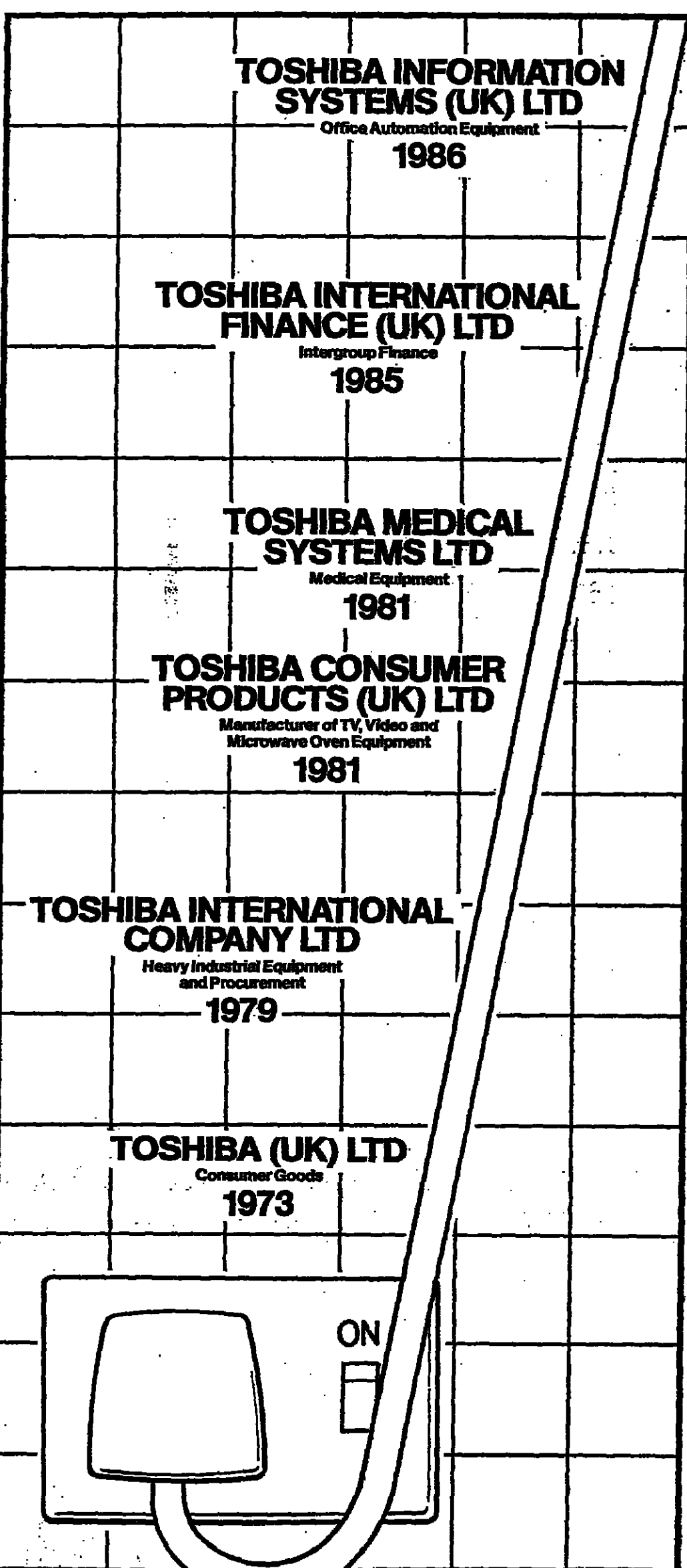
The Prime Minister insists that helping problem areas like the development towns can be accomplished within the already laid-out budget limits and without printing more money.

What appears to be weighing on his mind is his public image. With the opinion polls showing that his popularity is at an all-time high, a series of recent statements have made clear that Mr. Peres is anxious not to go down in history as the man who wielded the axe.

Next month he will travel to the US to see if there is can do, in practical terms, to help along the new growth strategy. The answer is almost certain to be a polite no. Instead the Reagan Administration is sure to try to continue with the good work achieved so far in the eight-month old economic stabilisation plan.

But as the rotation of the Premiership approaches, the temptation to accede to the growing clamour from the Labour movement may prove irresistible.

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231	324.9
232	325.7
233	327.0
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235	329.5
236	330.7
237	331.5
238	332.8
239	334.0
240	335.3
241	336.5
242	337.8
243	338.6
244	339.9
245	341.1
246	342.4
247	343.6
248	344.6
249	346.1
250	347.5

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171	351.5
172	353.3
173	355.8
174	357.6
175	359.4
176	361.1
177	362.9
178	364.7
179	367.2
180	369.0
181	370.7
182	372.5
183	374.3
184	376.0
185	378.5
186	380.3
187	382.1
188	383.8
189	385.6
190	387.4

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H A N S O N T R U S T

CONTINUING GROWTH FROM BASIC BUSINESSES.

AMERICAN NEWS

Republicans tip Reagan to win Contra aid fight

By REGINALD DALE, US EDITOR IN WASHINGTON

REPUBLICAN leaders yesterday predicted that President Ronald Reagan will narrowly prevail in his uphill struggle to persuade Congress to grant US military aid to the anti-government Contra rebels in Nicaragua—the biggest foreign policy battle so far in his second term of office.

With voting due to start in the House of Representatives on Thursday, Vice President George Bush said: "It's going to be close, but I think we're going to win it."

Mr Bush and other leading Republicans drew confidence from the impact of a hard-hitting speech to the nation by Mr Reagan on Sunday night, in which he portrayed Nicaragua as a "cancer" and a potential Soviet beach-head in North America directly threatening the national security of the US.

Mr Reagan's Democratic opponents, while conceding that he has gained ground with a crescendo of anti-Sandinista oratory over the past week, believe that they can still defeat him. The White House admits that it is still about a dozen votes short in the 435-seat House.

The Democrats again yesterday insisted that Mr Reagan was going for military options before diplomacy had been exhausted and raised the shadow of Vietnam. Democratic Senator Alan Cranston of California said in adoption of Mr Reagan's \$100m (\$58m) aid package for the Contras,

of which \$70m is to be military, would ultimately lead to American troops fighting in Nicaragua.

"That's the precise pattern we followed in Vietnam—money followed by military advisers followed by American troops," Mr Cranston said.

The White House claimed that telephone calls from viewers were running over 70 per cent in favour of Mr Reagan's speech. Mr Philip Babbin, Mr Reagan's newly appointed special envoy for Central America, cited an opinion poll that he claimed showed 90 per cent of the people of Central America supporting Mr Reagan's policy.

In his nationally televised speech, Mr Reagan sought to rise above partisan politics, on Capitol Hill by depicting Nicaragua as a "mortal threat" to the US—with the aid of a map showing a red stain spreading across Central America and threatening Mexico.

"Using Nicaragua as a base, the Soviets and Cubans can become the dominant power in the crucial corridor between North and South America," he said.

"Today Warsaw Pact engineers are building a deep-water port on Nicaragua's Caribbean coast similar to the naval base in Cuba for Soviet-built submarines."

While Mr Reagan made no mention of possible compromise in his speech, White House officials say that they are ready

Nasa accused of overpaying contractors

By Nancy Dunne in Washington

THE US National Aeronautics and Space Agency (Nasa) has been accused of wasting millions of dollars in its dealing with contractors at the same time as saving money by cutting back on safety measures.

The charges will draw Congressional fire as the demoralised agency, still reeling from the Challenger disaster, is laying plans for the future of its shuttle programme.

Allegations of waste surfaced on Sunday in the Miami Herald, which used the US Freedom of Information Act to obtain audits conducted by the Pentagon's defence contracts audit agency.

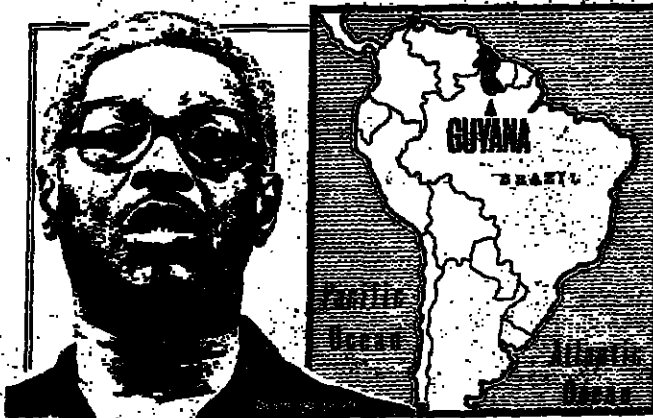
Auditors found large over-payments for parts, excessive generosity in compensating contractors for the expenses and extensive inefficiencies caused by employee "loafing."

One part, said the Herald, a wire fastener worth three cents (2p) cost Nasa \$315. The agency paid \$256 to fly a contractor's dog from coast to coast and \$256 for an air-ticket so that an executive's stepson could visit his natural father.

A former Pentagon auditor told the Herald that about one-third of Nasa's budget is wasted on free-loading and excessive mark-ups.

Nasa called the charges "indiscreet." It also released details of about 900 parts that are considered vital to the shuttle's survival so-called criticality items. These include the O-rings, the prime suspect in the Challenger accident.

Canute James detects a new mood in the 'pariah' of the Caribbean Guyana comes in from the cold



IN THE three months since he retained office in a much criticised general election, President Desmond Hoyte of Guyana has successfully ended a period of isolation for his socialist republic. Guyana is now being publicly embraced by countries which until a few weeks ago were among its sternest critics.

Nowhere has the change been more dramatic than in the Caribbean, where Guyana has been treated as something of a pariah. But Mr Hoyte also appears to have managed a significant improvement in US relations which were strained by Mr Forbes Burnham, the former President who died in August.

The new attitude to Guyana has little to do with any major policy concessions by Mr Hoyte's administration. But there have been small, but significant, changes in both style and substance which have changed the perception that Mr Hoyte is Mr Burnham's hand-picked successor and political clone.

Although Mr Hoyte has not reduced Guyana's ties with East European countries and Cuba, which neighbouring conservative Caribbean leaders and Washington had indicated were a reason for keeping the country at arm's length, he has not emulated Mr Burnham's anti-American rhetoric.

He has shown flexibility on key domestic issues, and a level of diplomacy on foreign matters quite different from the way his predecessor conducted the affairs of the sprawling English-speaking South American republic of 900,000 people.

The Caribbean volte face on Guyana came during a meeting earlier this year between Mr Hoyte and five island leaders on the idyllic of Mustique. "It was an extremely good meeting," said Miss Eugenia Charles,

Prime Minister of Dominica, who had said earlier that she would not be attending the July summit of the Caribbean Economic Community, because it was being held in Guyana.

Miss Charles said: "Everybody had their say, nobody pulled punches. We asked questions exactly as we wanted to, and there was never a fumble in the replies given to us... I am satisfied with the results of that meeting."

The new attitude also derives from concern among the conservative Caribbean leaders about the possible alternatives to Mr Hoyte. The major opposition to Guyana's incumbent is the Marxist People's Progressive Party led by Dr Cheddi Jagan.

Jagan is an acknowledged communist. He believes in a system in which there are no elections at all," said Mr Bernard St John, Prime Minister of Barbados. "At least Mr Hoyte's Government has elections."

Government officials in the eastern Caribbean have rejected suggestions that the change in regional attitudes to Guyana was at the behest of Washing-

ton, concerned that pressure on Mr Hoyte could increase the influence and credibility of Dr Jagan's party.

Before and since the Mustique meeting, US and Guyana officials have met.

"There is now clear evidence of a community of wishes by both Governments that the tense relations of the past be part of history. We expect that soon fundamental matters of economic relations will be publicly addressed," one Georgetown diplomat said.

After mending fences with its neighbours and with Washington, Mr Hoyte faces an uphill task in rebuilding the country's struggling economy. In the last days of Mr Burnham's administration, foreign financial assistance was reduced to a trickle. Now the government is looking to new credits from international institutions.

Not much is being said officially about the prospect of help from the International Monetary Fund, which last year declared the country ineligible for assistance because of arrears on repaying earlier loans.

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Bahamas and US in move to curb crime

By Nicky Kelly in Nassau

REPRESENTATIVES of the Bahamas Government and the Government of the US have agreed in principle on terms of a mutual legal assistance treaty which will expedite the exchange of information needed to prosecute drug traffickers and other criminals.

The announcement by Sir Lyndon Findling, Prime Minister, came in a speech to the annual convention of the Association of International Banks in the Bahamas.

The provision of the agreement must still be ratified by the US Senate, but Sir Lyndon said both governments were expected to endorse and conclude the treaty this year.

Sir Lyndon emphasised that while the Bahamas was willing to co-operate with other governments in curbing criminal abuse of the Bahamian banking system, it could not accept the proposed terms of a tax-related exchange of information agreement with the US because of the impact on the country's status as a tax haven.

The stipulation that the agreement override bank privacy laws and subject third country nationals to its requirements was "most objectionable," he said. "Compliance in this area would remove utterly and completely the rationale and appeal of the Bahamas as a financial centre to non-US residents and nationals," he said.

Under the Caribbean Basin Initiative, countries providing the US with bank information to help track tax evaders can host conventions which visiting Americans can claim as tax-deductible.

Although the tax has already cost the Bahamas more than \$100m (\$68m) in lost tourism revenue, Sir Lyndon reaffirmed his government's intention not to change the Bahamas' tax structure or alter its bank privacy laws.

Former US presidential counsel Mr Lloyd Cutler warned that American authorities and the US congress in particular will increase their attempts to penetrate bank secrecy to penetrate foreign jurisdictions by imposing stricter laws to deal with money laundering.

Mr Cutler, a leading Washington attorney, said secrecy in countries like the Bahamas and Switzerland was widely perceived as an important cause of serious crime in the US, including securities fraud, drug trafficking, tax evasion and other criminal activities which depended in large part on the concealment of assets.

Former Duvalier supporters resign

HAITI'S ministers of agriculture and industry have resigned, the ruling military-civilian council announced yesterday, AP reports from Haiti.

Mr Montagu Cantave, Agriculture Minister, and Mr Odol Fenestor, Minister of Commerce and Industry, resigned last week. Both had been appointed by the council after ousted ruler Jean-Claude Duvalier fled into exile on February 7. A statement issued by the council cited no reason for the resignations. But both men were known to have been closely associated with the former Government, and there has been a public clamour for the Government to shed Duvalier supporters.

Extracts from the Chairman's Statements contained in the 1985 Annual Reports



DURBAN ROODEPOORT DEEP, LIMITED

Registration Number 01/0325/05

EAST RAND PROPRIETARY MINES, LIMITED

Registration Number 01/0073/08

(Both companies incorporated in the Republic of South Africa)

Gold prices in rand terms were well beyond expectations resulting from the rand plunging to record low values in relation to the US dollar and other currencies in the second half of the year—C. G. Knobbs.

Gold

Amidst bullish charting patterns and favourable sentiment for gold since the US\$340 price level was breached early in 1986, higher price volatility may be in store around a gradually rising price of approximately 10 per cent higher than the 1985 average. The rand has recovered appreciably since the end of 1985 following the amended exchange control measures introduced early in December 1985. These protective measures, together with indications of a modest recovery in the economy and somewhat better agricultural prospects, should assist the rand despite the country's foreign debt and changing levels of inflation. In any event it is expected that these factors in sum should result in an average rand price of about R28 000 per kilogram in 1986.

Industrial relations

Management foresees that 1986 will be another testing year for industrial relations. The maintenance of sound communications and the nurturing of trust will be major challenges. The mines have devised a five-point industrial relations strategy embracing:

- the promotion of trust between all employees and management, an aspect which has become all-important in these times of change;
- enhancing all aspects of the formal and informal channels of communications;
- a goal-directed equal opportunity development programme;
- a review of conditions of service aimed at reducing complexities; and
- the optimisation of training in industrial relations with particular emphasis on conflict management.

Black advancement generally, and the phasing out of the "scheduled person" restriction in the Mines and Works Act in particular, remain areas of critical concern. A package of employment safeguards has been proposed to the white unions and associations and in the absence of reasonable objections from the majority of these employee bodies I believe the Government should act to remove the "scheduled person" restriction from the statute book early in 1986 in a manner which enables blacks immediately to compete for and hold down jobs previously confined to whites.

Durban Roodepoort Deep, Limited

	Year ended 31 December 1985	1984	% change
OPERATING RESULTS			
Tons milled	2 447 000	2 394 000	+2.2
Gold recovered—kilograms	7 542	7 612	-0.9
Yield—grams per ton	3.08	3.18	-3.1
Working expenditure per ton milled	R52.26	R54.44	+14.4
GOLD PRICE RECEIVED, AVERAGE			
Rand per kilogram	21 915	16 456	+33.2
FINANCIAL RESULTS			
Turnover	R7000	R7000	
Turnover	165 780	125 654	
Working profit (loss)	13 425	(4 574)	
Profit before appropriations	18 682	7 289	
Appropriations for net expenditure on mining assets	11 129	11 942	
Earnings (loss)—cents per share	325	(300)	
Dividends—cents per share	100	—	

Operations

1985 was a year of particular significance to the company as it celebrated the 90th anniversary of its incorporation, established a new production record for one milled, and achieved an impressive profit turnaround from a loss of R4.7 million in 1984 to a profit of R2.6 million after appropriations which enabled the company to declare its first dividend since 1981.

The sharp decline in the value of the rand in relation to other currencies, in particular since August 1985, dramatically boosted the company's revenue. The unit cost per ton milled increased by 14 per cent over 1984 to R52.26 (1984: R54.44). This increase is particularly worrying although it is somewhat below the average rate of inflation in the economy as a whole. The company was not entitled to receive State assistance in terms of the Gold Mines Assistance Act due to its return to profitability; the amount reflected in the income statement is an adjustment in respect of the 1984 financial year.

The quantity of gold despatched by the mine declined by 85 kilograms from the 1984 production of 7 612 kilograms despite the metallurgical plant treating a record 2 447 000 (1984: 2 394 000) tons. The average gold recovery rate continued its decline by dropping 3 per cent from 3.18 grams per ton milled in 1984 to 3.08 grams per ton milled in the past year. Management attempted to arrest this decline by curtailing stoping operations in certain areas of the eastern section and re-deploying the resources from these areas to the far western section of the mine.

Future operations 1986

The company's 1986 business plan calls for a small increase in the number of kilograms produced compared with 1985. The mining aspect of the plan takes cognisance of the progressive depletion of ore reserves in the steeply dipping eastern portions of the mine and their replacement on the western side of the company's mining title. The capital expenditure plan envisages that some R20 million will be spent.

I believe that shareholders can now look forward to further dividend payments during 1986 providing the gold price averages R25 000 per kilogram and unit cost escalation is contained to that experienced in 1985.

East Rand Proprietary Mines, Limited

	Year ended 31 December 1985	1984	% change
OPERATING RESULTS			
Tons milled	2 818 000	2 746 000	+2.6
Gold produced—kilograms	10 251	10 420	-1.6
Yield—grams per ton	3.64	3.80	-4.2
Working revenue per ton milled	R179.39	R62.20	+287.6
Working expenditure per ton milled	R82.23	R72.45	+13.5
Working (loss) per ton milled	R(97.84)	R(10.25)	-72.3
GOLD PRICE RECEIVED, AVERAGE			
Rand per kilogram	21 824	16 360	+33.4
FINANCIAL RESULTS			
Turnover	R2000	R2000	
Turnover	223 731	170 814	
Working expenditure	231 728	198 963	
Working (loss)	(7 997)	(28 155)	
State assistance claimed	19 191	38 811	
Other income, net	1 784	8 844	
Taxation and State's share of profit	—	—	
Profit before appropriations	12 978	16 300	
APPROPRIATIONS			
Mining assets	12 869	16 437	
Property, development and equipment	45 158	31 962	
Portion unappropriated	(32 289)	(15 285)	
Other—net	109	(137)	
	12 978	16 300	

Expansion project

Arrangements have now been completed for the financing of the Far East Vertical shaft system. This project will give access to the richer south-east area of the mine and also provide the infrastructure for increasing total production. Conservative estimates show that the mine can look forward to a profitable future as a result of this project.

It is planned that the project will increase the amount of ore milled from the present 2.8-million tons per annum to 3.8-million tons per annum by 1990 with a corresponding increase in gold production from 10 500 kilograms to 18 400 kilograms by that date.

Operations

Tonnage milled increased marginally by 72 000 tons to 2 818 000 tons, but was not sufficient to make good the lower gold yield per ton milled of 3.64 grams (down from 3.80 grams in 1984). Gold produced in 1985 was therefore down by 169 kilograms to 10 251 kilograms.

The average rand/kilogram gold price of R21 824 was approximately 33 per cent higher than in 1984, and resulted in an increase in revenue of R52.9-million to R233.7-million.

State assistance and sundry revenue amounted to R21.0-million, down by 24-million from last year. Working costs amounted to R231.7-million, resulting in a profit of R19.6-million. Capital expenditure at R45.3-million was R12.4-million greater than in 1984 mainly due to the increased spending on the Far East Vertical project.

The net result of operations for the year was therefore a shortfall of R32.3-million, which was funded from the remaining balance of R22.7-million of the 1980 rights issue and from a reduction of working capital.

Peruvian militancy spurned by Argentina

By JIMMY BURNS IN BUENOS AIRES

ARGENTINA, which until recently was considered by bankers to be Latin America's black sheep, has emerged as a champion of moderation and common sense.

So it would seem from the lack of support given by Buenos Aires this weekend to President Alan Garcia of Peru during his three-day state visit here aimed at forging a militant alliance to defy the US and other industrialised nations on issues ranging from debt to regional security.

Mr Garcia on Saturday signed a joint communiqué with President Raul Alfonsín which laid out the prospect of growing Latin American pressure for lower interest rates and a political dialogue on regional debt, as well as a peace settlement within Central America along the terms set out by the Contadora group. But the communiqué was vaguely phrased and excluded all reference to detailed forms of action, on the insistence of Argentine officials.

Mr Garcia wanted Argentina to back his call for the creation of a Latin American monetary fund capable of halting out debtor nations who might wish to default rather than bend to the demands of the banks and the International Monetary Fund.

The communiqué talked only of both countries "studying proposals for expanding the existing Andean Monetary Fund which has limited reserves for helping out a small number of Latin American countries with balance of

payments problems. The Argentines also refused to agree with Mr Garcia's proposal for the scrapping of the Inter American Treaty for Mutual Assistance and its replacement by a regional defence pact from which Washington would be excluded.

Officials here claimed that the communiqué was the best compromise possible given the starkly contrasting attitudes taken in public by Mr Garcia and Mr Alfonsín.

The Peruvian leader left no-one here with any doubt about his determination to seize for his country the leadership of the Latin American public opinion. He was equally available to the Press to lambast the IMF, the Baker Plan and US policy towards Nicaragua.

"The time for dialogue with creditor countries has come to an end; the time has come to move towards action instead of listening to proposals that only make us waste time," he said.

Mr Alfonsín, however, during a dinner offered in Mr Garcia's honour, reminded the Peruvian leader that debtors and creditors had a shared responsibility on the debt issue and that Latin American countries should continue to make internal adjustments to their economies and increase exports.

"Confrontation has never crossed our minds. Our permanent demand is dialogue. His comments appeared to condemn that Peru remains isolated from larger debtor governments as they attempt to win concessions from their creditors."

Factory units in the Wear Valley District have all the advantages!

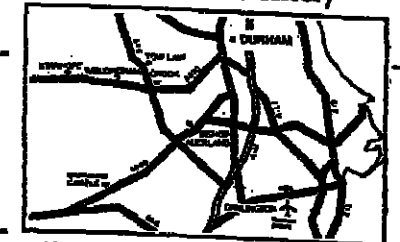
First class locations with fast links to the A1M. Also good work-force availability and an attractive area for living and leisure. A wide choice of units is available ranging from 2,500sq.ft. to 74,800sq.ft. with excellent flexible terms. Locations all have Development Area Status and include CROOK • SOUTH CHURCH • BISHOP AUCKLAND TOW LAW • WOLLSINGHAM & STANHOPE

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- A grant equal to 3 years rates (max £45,000).
- Or a small business grant of £1,500.
- Also site preparation grants of £1,500 per 1,000sq.ft. if building own premises — fully serviced land available at extremely attractive prices!

WORKSHOPS also available throughout the Wear Valley District.

Rents from £25 per week.



For full details contact R Fawcett, Secretary, Wear Valley District Council, Highfield, New Road, Crook, County Durham DL15 8LN. Tel (0388) 763121.

Wear Valley District Council

Handwritten note: 10/1/1986

Unbelievable. Distillers' directors have agreed to pay Guinness' bid expenses of at least £38 million. Glug. Guinness, on the other hand, have promised to get rid of at least four of Distillers' brands and halve their UK whisky market volume share. Glug.

Glug.
Claymore 7,680,000 bottles

Glug.
Haig 3,120,000 bottles

Glug.
Buchanan Blend 240,000 bottles

Glug.
John Barr 120,000 bottles

Argyll. We can revive Distillers' spirits.

WORLD TRADE NEWS

Commission plays down trade row with Australia

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission yesterday started to play down what looks like being a damaging trade dispute with Australia. Long-standing arguments about the effects of the European Community's common agricultural policy have flared up following a Community decision to put off the fifth in a series of ministerial discussions with Australia.

Mr Willy de Clercq, Commissioner for External Relations, had been due in Canberra for talks next month until the Community decided that, because of what is termed Australia's "unfriendly attitude," the talks had better not take place.

Mr Bill Hayden, the Australian Foreign Minister, criticised this decision over the weekend, drawing attention to Australia's problem with the Community's export policy for farm products.

"Now the US is engaging in a farm products war with the European Community and they are both literally dumping food grains—in particular wheat—

and we're getting knocked about," he is reported as saying. The Commission in Brussels yesterday was stressing that the de Clercq talks had been postponed simply because under present circumstances it was not possible "to have constructive discussions."

Further, the Commission is pleased that Mr Bob Hawke, Australia's Prime Minister, will be coming to Brussels at the end of April.

Australian criticism of Community farm export policy is not special to the Hawke Government. It has been a bone of contention since the UK joined the Community and Australia started to lose market access.

But after some three years' quiescence, the tone of the argument has been raised and the Commission seems especially resentful of the appointment by the Australian Government of Mr Lindsay Duthie as a special trade commissioner to Europe.

His role, it appears, is to speak with national governments, rather than the Commission.

Washington outlines aims for multi-fibre talks

BY CANUTE JAMES IN KINGSTON

THE US would seek three major objectives in the talks on the renewal of the Multi-Fibre Arrangement (MFA) when they begin in Geneva next month according to Mr Charles Carlisle, the US chief textile negotiator.

These were an extension of the fabric which fell within the MFA, tighter controls on the major suppliers to the US, and an opening of the markets of these major exporters to more US goods.

It will especially seek agreements protecting the US from "destabilising surges" of imports from the major Far Eastern producers, Mr Carlisle said.

But he emphasised that although the US sought to bring other fabrics within the MFA, "the one we are not interested in is pure silk."

Mr Carlisle was speaking in Jamaica, where he is spending two days talking to representa-

Philips and Japanese in electronic parts pact

By Yoko Shibata in Tokyo

NIPPON STEEL and Nippon Chemi-Con of Japan and Philips of the Netherlands have reached a broad agreement to set up a joint company to make ceramic electronic components which are used on circuit boards.

Nippon Chemi-Con, an electronics machinery parts maker, Nippon Steel, the world's largest steel maker, and Philips, a leading European electrical appliances maker, are due to sign a memorandum later this month.

The new company, to be set up in June, will be capitalised later this month at ¥1.5bn (\$4.5m), 40 per cent of which will be put up by Philips and 30 per cent each by the two Japanese groups. It will invest ¥400m to build a factory possibly in northern Japan, to start producing ceramic capacitors next year. It also plans to produce other ceramic parts.

Nippon Steel will supply manufacturing technology and Philips will provide the basic technology to process the manufactured ceramic materials into electronic parts. Nippon Chemi-Con will provide mass production technology.

The new company will provide Philips with a manufacturing base of electronics components in Japan, in addition to its VTR manufacturing outlet in which the group has a 50 per cent stake participation.

Nippon Steel moved into silicon wafer manufacturing last August when it set up a specialised company, Nittetsu Denshi (Nippon Steel Electronics).

Toshiba set to build new plant

By Carla Rapoport in Tokyo

TOSHIBA, one of Japan's leading electronic groups, is expected to announce plans to build a major consumer electronics plant in West Germany this week.

The plant is expected to be built in North Rhine-Westphalia and the local authorities believe it will probably create 1,000 jobs.

It is understood that the new facility will produce a wide variety of consumer goods for the Continental market.

Manufacturers are adopting careful tactics to protect markets, writes John Davies
West German exporters tackle falling \$

WEST GERMAN exporters, facing a difficult period as a result of the lower US dollar, are adopting careful tactics to limit the impact and are by no means pessimistic.

Car makers, who earn the biggest single slice of West Germany's US export income, have been putting up their dollar prices along with their rivals, including the Japanese. This will offset some of the dollar's sharp decline against the D-mark in the past year.

Chemical companies have been feeling stronger competition from US rivals in third-country markets, especially for standard commodities and intermediate products. With prices under pressure, the West Germans have voiced determination to resist US efforts to take their customers.

Machinery makers, often considered the backbone of the West German economy, are also beginning to grow about the lower dollar. But many companies, especially those with a leading world position in specialised equipment, are reluctant to cut their D-mark prices, believing that quality and punctuality in delivery will stand them in good stead.

The situation is not new for West Germany, which has traditionally managed to build up exports even though the D-mark has become dearer in terms of other currencies. What is disruptive, however, is the sharp swing in the value of the dollar, which

—after rising to a peak of DM 3.47—has fallen by a third in just over a year.

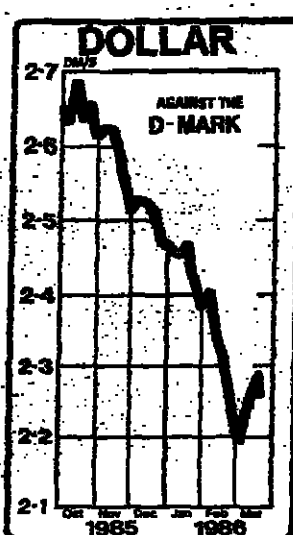
While the dollar was buoyant, West Germany's export income from the US shot up from DM 32.8bn (£10bn) in 1983 to DM 55.5bn last year. The West Germans earned 10.3 per cent of total export income in the US last year, compared with 7.8 per cent two years earlier.

Motor vehicle exporters earned DM 17.9bn in the US in 1984 and increased this to an estimated DM 24bn last year. But after reaping windfall profits, the West German car companies have now adjusted to more sober times.

Porsche is among the most exposed as it now sells more than half its cars in the US, compared with 28 per cent five years ago. To help keep up earnings this financial year,

Porsche plans to push up US sales by 16 per cent to 29,000, on top of a 21 per cent increase last year. It raised its US prices by 4 per cent last month and plans further price rises.

Daimler-Benz increased its US sales by 9.7 per cent to 86,900 last year (out of total production of 541,000) and expects a further increase this year. It raised US prices by 3.8 per cent from mid-February. But Daimler-Benz has well-balanced world sales, underpinned by a solid (and expanding) market share at home.



BMW, which has boosted US

shipments strongly so that its US sales are ahead of Daimler, decided on a 2.5 per cent price rise a few days ago—significantly smaller than that of its main rivals.

Audi, Volkswagen's prestige car subsidiary, announced a 4.9 per cent US price rise earlier this month, while VW prices went up late last year.

VW still says it has no plans to step up Golf output, at its under-utilised Westland plant in the US or to take up Jetta production there to replace imports.

But Mr Carl Hahn, VW's chief executive, has described Westland as an insurance policy against import curbs or a more drastic dollar fall. VW recently ended talks with Fuji Heavy Industries about possible assembly of Subaru models at Westland, as the Japanese wanted only 40,000 to 50,000 a year—not enough to justify a second shift of work at the plant.

The big West German chemical companies, all of which have US production operations, have mixed feelings about the dollar decline.

Their US plants suffered from the high dollar, which hindered their own exports from the US and made them vulnerable to cheaper imports. On the other hand, the chemical giants were among the first West German companies last year to feel sharper competition in third markets from US producers.

Bayer has met a tougher challenge in Asian and Latin American markets, while BASF said competition had intensified in a number of areas, including the Asian market for fibre intermediates.

Machinery makers, many of them medium-sized enterprises, earned DM 10.1bn in US sales last year, up 23.6 per cent. Although the high dollar gave them a competitive edge, the basic impetus came from US

companies' revived investment plans.

Many West German machinery makers were not unduly worried as the dollar began to decline, especially as they have modernised their factories and product ranges in recent years. But they have become increasingly anxious that the dollar decline should not go too far.

The West Germans have factors working in their favour, especially low inflation, now less than 1 per cent a year. Manufacturing industry is working at an average 90 per cent capacity utilisation, which in practical terms means virtually full capacity.

Lower oil prices will reduce costs, although the loss of income in oil-producing countries is a blow to West German process plant manufacturers hoping for orders.

The dollar fall has spurred plans by some West German companies to build up production capacity in the US, rather than relying on exports. Draeger, the Lubbeck-based company, for instance, has decided to step up existing plans to expand US production of medical equipment and safety and gas detection equipment.

With the dollar low, employers have been appealing to trade unions to agree to moderate wage settlements this year to contribute to West Germany's competitiveness.

Four groups 'could take half US luxury car sales'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FOUR West German car makers could between them capture half the US market for luxury cars—those costing over \$16,000 (£11,480) each—by 1990, according to London stockbrokers Laing and Cruickshank.

Mr Stephen Reitman, the analyst, also points out that the four BMW, Daimler-Benz (Mercedes), Audi (part of the Volkswagen group) and Porsche—are well cushioned against declines in the value of the dollar.

They have a much greater ability to raise their prices should the need arise to protect the value of their dollar earnings than the mass-market producers," he adds in a report on the West German motor industry.

Volkswagen cars, with most of their sales in the fiercely competitive mass market, enjoy less

	1984		1985		1986*	
	Units	% of total company sales	Units	% of total company sales	Units	% of total company sales
BMW	70.9	14.4	87.9	20.0	89.0	19.7
Daimler-Benz	79.2	16.6	85.9	16.1	92.0	15.6
Audi	71.2	19.2	74.0	18.7	74.0	18.1
Porsche	19.4	46.8	25.3	51.2	28.0	55.0

Source: Laing and Cruickshank

of a cushion effect, but that company has the capability to switch some of its production to its assembly plants in the US and Brazil.

Mr Reitman recalls that in 1980, the four West German producers had around one-fifth of the US luxury car sector but now have nearly one-third.

Between 1983 and 1985, Mercedes increased US car sales by 22 per cent; BMW by nearly 50 per cent, and Porsche sales almost doubled. Audi

increased sales from 48,000 in 1983 to 74,000 last year.

"This advance by the foreign luxury car producers is now seen by the major US companies as posing as great a threat as that from the Far East," suggests Mr Reitman, because the luxury sector is one of the few areas of growth.

It is likely that by 1990 luxury car sales will be almost 80 per cent up on today's figure of 1m. The luxury car producers also are able to exploit

higher margins of profit. This can be illustrated by the big difference between the price of the same models in West Germany and the US.

For example, taking the dollar at DM 2.40, the West German price of a Mercedes 190D for the 1986 model-year was DM 30,585, whereas the American price was equivalent to DM 58,320 or 40.2 per cent higher.

The major price differences have attracted the attention of

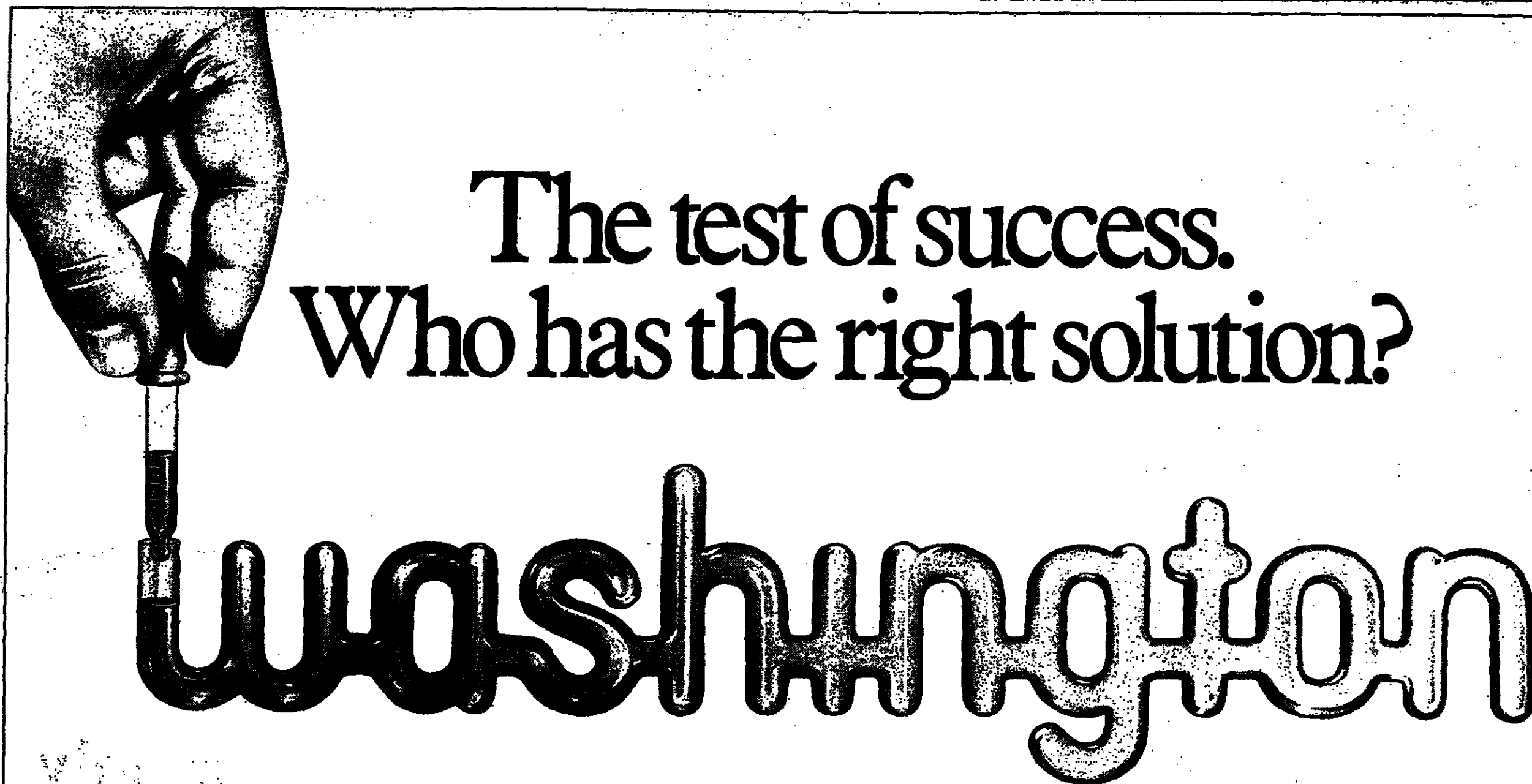
parallel importers who import to the US cars intended by their manufacturers for other markets.

About 70,000 cars in this "grey market" were expected to enter the US last year against 5,500 in 1982.

Mr Reitman says the US producers are not standing idly by and have begun to fight the Europeans with their own weapons—cars sourced in Europe.

GM's Cadillac division is having the Italian design house Pininfarina build a luxury car, the Allante, "that should prove a credible competitor to the West Germans."

Ford has begun importing German-built versions of its European Sierra to the US for sale by its luxury car division, Lincoln-Mercury, using the Markur name.



The businesses choosing Washington, Tyne & Wear, as their operational base are varied in character. However, their reasons for moving to Washington are often similar.

Take one small, but extremely important company as an example: R.I.A. (U.K.) Limited. They research, manufacture and export medical diagnostic kits.

Being a bio-technological business, they needed to be sure of finding exactly the right type of premises. They found the ideal unit within the wide range of properties offered in Washington.

Again, because of the nature of their work, they needed a trained, motivated and responsible workforce. They found that workforce in Washington, together with established, friendly access to local universities, polytechnics and hospitals.

As with all commercial operations, they had to be sure of reliable

local suppliers. They found them: Washington has encouraged a network of first class support industries and services.

And of course, like any business, they needed quick, easy access to their own customers. Washington proved ideal: major road, rail, air and sea terminals are all on the doorstep.

Finally, finance. Any company relocating or starting its business looks for the best financial support. Because Washington offers a finance package unsurpassed by any other development area in the country, companies find that optimum profits are attained very quickly.

R.I.A. (U.K.) Limited are prospering in Washington. If you would like to know more, contact Norman Batchelor, Washington Development Corporation, Usworth Hall, Washington, Tyne & Wear. He's on (091) 416 3591, Telex 357210 DC Wash G.

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When you're the fastest micro around- People talk!

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What Micro? - December 1985

"As the benchmarks show, in terms of processing power and disk accessing, the XEN is a superb piece of engineering which can outrun most things on the market. For computationally intensive applications it looks to be a very good buy."

Practical Computing - January 1986

"The Apricot XEN is a pleasure to use. It's fast and effective - showing off both the 80286 built-in processor and Windows software to their best advantage... This is the best machine the company has ever produced."

Which Computer? - January 1986

"It was the speed of the system which impressed me the most... you can forget just how much work the machine is really having to do."

PCW - January 1986

There's a lot of talk about the new Apricot XEN. Experts, normally restrained in their praise, are becoming unusually enthusiastic.

Phrases like "in a league of its own" and "incredible value for money" are being used.

So why is Apricot XEN so special?

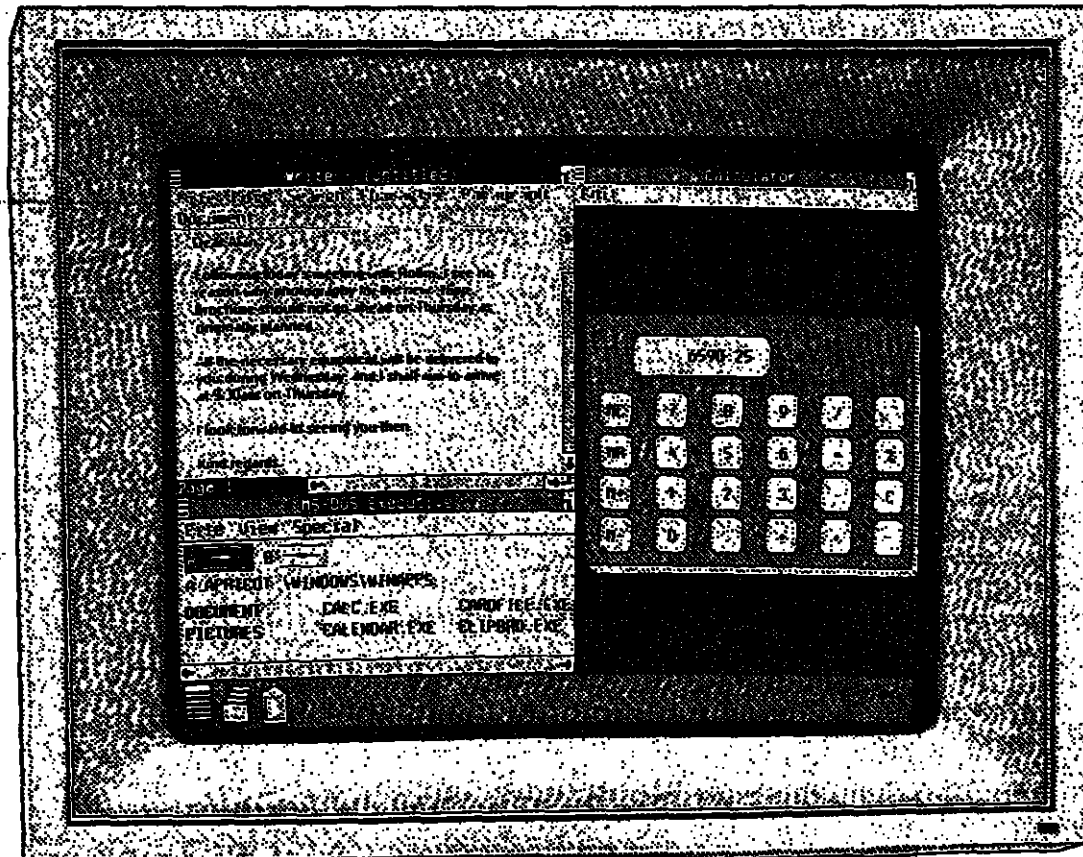
Because of its astonishing performance, for one thing. Apricot XEN has come out on top in every test so far. In an article measuring computer power, the Guardian decided that something called "processor -> memory bandwidth" was the most accurate yardstick. Naturally, Apricot XEN achieved the highest score, even beating one of the leading minicomputer systems to the mark.

And when you look at XEN's storage capabilities, it's clear that they are just as impressive as its processing power.

XEN's disk drives have broken all the benchmark records too. So whether it's the XEN FD with twin 720K floppy drives, or the XEN HD with a 20 Megabyte hard disk, a XEN won't keep you waiting.

And if, as the gentleman of the press say, the XEN floppy disks are faster than the IBM hard disk, just imagine what our hard disks can do.

But what has really caught the imagination of the computer industry is how little this powerful machine costs.



With multi-tasking Microsoft Windows as standard, a twin floppy disk XEN FD with 512K of RAM and a monitor can cost as little as £2494, while the XEN HD with a 720K floppy drive, 20 Megabyte hard disk and a full 1 Megabyte of RAM is an astonishing £3494.

When Apricot offers this kind of value, the competition will have to take a long look at their own prices - if they expect you even to glance at them.

Choosing even the basic XEN configuration can mark the beginning of a long and fruitful partnership.

The memory of an Apricot XEN can be expanded to 5 Megabytes. You can add a second 20 Megabyte hard disk. Soon, telephone and modem communications, and even an expansion box to make use of specialist IBM cards, will be available, as will a tape cartridge back-up system.*

And XEN's open architecture means it can run on Apricot Networks, and even run as a multi-user system under the Xenix operating system.

Expansion facilities like these will keep an Apricot XEN user sweet for a long time to come.

And so will the back-up. Only the top Apricot dealers and ComputerWorlds are allowed to sell XEN, so you will always have access to professional support.

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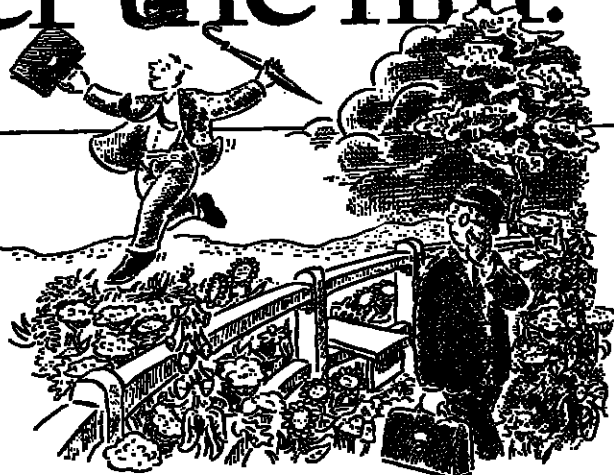
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APPOINTMENTS



MR DAVID DONNE

ROBERT FLEMING & CO has appointed Mr Ian Ellison a director. He joins Flemings from the Department of Trade and Industry, where he was responsible for the Telecommunications Bill, general policy on the privatisation of British Telecom and the licensing of Mercury Communications and Rascal Vodafone. At Flemings, Mr Ellison will concentrate initially on the next phases of the financing of the Channel Tunnel project.

Mr K. H. O'Brien will retire from the board of RUSH AND TOMKINS on May 31 on reaching normal retirement age. From June 1 control of operations of the group will be the responsibility of an executive committee under the chairmanship of Mr P. J. E. Trew. Sir Derek Palmer will continue as chairman.

Mr Malcolm Roberts has been appointed vice president of SALOMON BROTHERS INTERNATIONAL responsible for gilt-edged research. For the past nine years he has served as chief economist at Laing & Crickshank and director of research for the Alexanders/Laing & Crickshank primary gilts dealership.

Mr Nigel Wright, formerly of Bank of America Real Estate Group, London, has been appointed to head the property team, project finance department, at PHILLIPS & DREW, stockbrokers.

COMBUSTION ENGINEERING INC has appointed Mr Derek Bargh as vice president, business development for Combustion Engineering Europe Inc, based in Hayes, Middlesex. Mr Bargh is also deputy chairman of C-E's regional council for business operations in the eastern hemisphere.

LIN PAC PLASTICS (GB) has promoted Mr Brian Hall to managing director of Lin Pac Machinery Services. He has been general manager of Lin Pac Machinery Services since November 1983.

BUILDING CONTRACTS

Gleeson wins £15m orders

M. J. GLEESON GROUP has won contracts with a total value of nearly £15m. At Lymington aluminium smelter British Alcan has awarded a £1.1m contract to extend the casting building. Work is about to start with completion in February 1987. At West Burton power station the CEBG has asked Gleeson to strengthen the foundations of five cooling towers at a cost of £1.5m for completion in November. For Rochdale Borough Council, two contracts in Lower Sheriff Street worth together £1.18m to construct 11 bungalows and 39 sheltered dwellings by September and December respectively. A contract has been secured to construct two 33-bed hostels for the City of Manchester in Plymouth Grove and Downing Street, Ardwick. The work will cost £1.12m and due for completion in December.

The 30-week contract is due for completion in May 1986. Trent Regional Health Authority has awarded a £250,000 contract for the construction of support service accommodation in the newly-constructed £12m Phase I of Derby City Hospital. Included in the 42-week contract is the erection of storage accommodation together with alterations and extensions to existing buildings.

WIMPEY CONSTRUCTION UK has been awarded contracts totalling £2.7m. A contract worth £850,000 has been awarded by Norcross Investments to build an extension, a sawmill/truss factory and timber storage areas for UBM Building Supplies, on the Turemeadstone Industrial Estate, Truro, Cornwall, for completion in May. Awarded by Newman Industries, the second contract valued at £970,000, is for construction of a B & Q retail store in Station Road, Yate, Bristol, for completion in August. The third contract (worth £1.88m) is a design and build job awarded by Saxon Developments No 35 to build a students' village at Bristol Polytechnic, Coldharbour Lane, Frenchay, for Avon County Council. The contract comprises 300 beds in contained in 50 two-storey detached houses to be built of traditional brick/block. Each house will contain a communal kitchen, lounge, toilet and shower room on the ground floor, and bathroom and separate toilet on the first floor. Each unit will be fully fitted and furnished. Included will be two tutors' bungalows, a store and office. Work is due for completion in March 1987.

HENRY BOOT NORTHERN has been awarded a £2.3m management contract by the City of

Bradford Metropolitan Council for the construction of leisure pool facilities at Victoria Park, Keighley. In the 78-week contract, due to start in May, a new swimming pool is to be provided with associated rooms, car park, entrance road and alterations to an existing building. Work has started on the construction of a new main line sewer and road improvements scheme, costing £850,000, on Pastures Road Industrial Estate, Mexborough, for the South Yorkshire County Council. Road improvement works are to be carried out on the A59 Knaresborough to York County Road at Whixley Lodge in North Yorkshire. The £530,000 project involves the realignment/widening of 1.2 km of single carriage-way and the construction of 0.4 km of 7.3 metres wide carriage-way. The 30-week contract is due for completion in May 1986.

Fairclough's Sedgefield office has secured three contracts totalling nearly £1.25m. The largest is from Middlesbrough Borough Council, which has awarded a £790,000 contract for refurbishing the 10-storey Greenwich House block of flats.

TROLLOPE & COLLS has started on a £6.5m contract to upgrade Dunlop House, 19-23 St James's Street, SW1, for Guardian Assurance. With a construction programme of 65 weeks, the contract entails the partial demolition, rebuilding and refurbishing of the seven-storey building. A new lift core complex will be built and new services, including air-conditioning, and a plant room will be installed. The sixth floor is to be rebuilt to accommodate an atrium. When complete the building will provide 7,194 sq metres of office accommodation plus a wine bar in the basement.

OSBORNE GROUP, Chichester, has won civil engineering contracts worth £5m since the start of 1986. The largest proportion of this is made up of site preparation works for the on-shore oil industry, and includes a £2.7m contract for Amoco's Larkwhistle Farm discovery near Stockbridge. The programme involves works for the drilling and appraisal of five well sites within a 26-week schedule.

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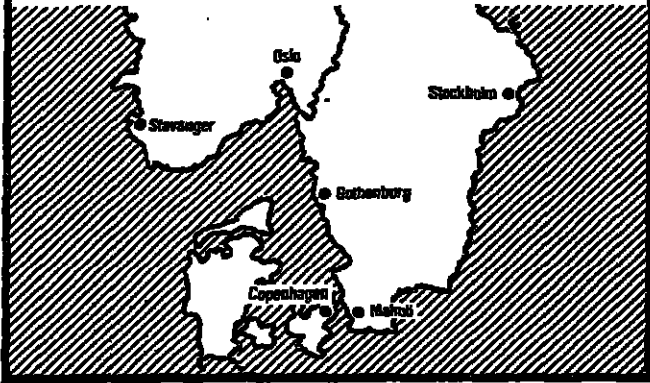
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De La Rue to close banknote factory

By David Thomas

DE LA RUE, the world's biggest independent bank note and security printing company, is to close the banknote making plant at Saltash, Devon, previously owned by Bradbury Wilkinson, which it took over less than two weeks ago.

Closure at Saltash will lead to the loss of 387 jobs.

The print unions Sogat '82 and NGA were also told by the company yesterday that it wants to shed 94 jobs at the former Bradbury Wilkinson plant in New Malden, Surrey.

De La Rue bought Bradbury Wilkinson, its sole British rival, for £39m in cash from Bradbury's US parent, International Banknote, on March 5. At the time, Mr John White, De La Rue finance director, Bradbury's activities complemented those of De La Rue, and he did not expect further production cuts or job losses.

Mr White added that markets for notes were again growing in Africa, Latin America and the Middle and Far East. De La Rue said yesterday that these were statements made before it had had a chance to examine Bradbury Wilkinson's books.

"When we went inside, we found that what profit there was in the business was not in the banknotes division, so we had to act," De La Rue said.

Sogat and NGA issued a joint statement in which they said that they were pessimistic about reaching an agreement with the company. They have agreed to meet De La Rue again next week.

The unions said they would oppose the decisions, although they intend to consult with the workers affected before deciding what form the opposition will take.

They also complained that the company had broken a commitment given to both unions' general secretaries at the time of the takeover that it would meet the unions to assess the work outlook.

GROUP COMPLETES FIRST PHASE OF AIDS DRUG TEST

BY TONY JACKSON

THE SHARES of the Wellcome drug group surged again on the London Stock Exchange yesterday on hopes for the company's new AIDS drug. The price at one point touched 230p, almost double the 120p at which the shares were floated six weeks ago.

An article in last Friday's edition of The Lancet, the UK medical journal, reported that the drug, known as AZT or BW 506, had been tested in humans for six weeks in the US without serious side effects.

Wellcome emphasised that this meant only that the drug had passed its phase 1 clinical trials,

and now had to start six months of phase 2 trials to test its actual efficacy against AIDS. It would take several years to reach commercial production, Wellcome said.

It was also stressed that the drug, which has a clear lead over other AIDS treatments being worked on around the world, had limited commercial potential. Wellcome said: "We have been criticised in the past for spending too much research effort on diseases which few people suffer from — but the fact is that not many people have AIDS."

In developing the drug Wellcome is to receive financial assistance

from the US Government under the "orphan drug" law, which provides help for drugs dealing with rare diseases.

In a separate breakthrough, Wellcome received permission earlier this month to market interferon, the anti-cancer agent, in the UK as a treatment for a rare blood condition, hairy cell leukaemia. This coincided with clearance given to Schering-Plough of the US to market its own version of interferon in the UK for the same condition.

This is the first commercial use of interferon, a natural substance

produced by the body in response to viruses, on the UK market. With the exception of Ireland, where Schering-Plough has had similar clearance for almost a year, it is believed to be the first such commercial use in the world.

In developing a further natural substance, used to dissolve blood clots, Wellcome has become engaged in a UK legal battle with Genetech, the US biotechnology firm. Both companies are working on tissue plasminogen activator, or TPA, which could have enormous potential in the treatment of heart attacks.

UK, Germany agree over Tornado work

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN and West Germany have reached agreement in principle over the repayment of a £300m imbalance in the transnational Tornado military aircraft project.

No direct cash payments will be involved but Britain has agreed to carry out extra work on new Tornado aircraft for Germany between 1987 and 1990. This should amount to some £170m-£200m. The balance which Britain owes Germany is apparently to be waived, pending the end of the project.

The imbalance has arisen because Germany has done more work on the Tornado than Britain at differing labour, exchange and inflation rates than was originally planned, under the complex work-sharing arrangements concluded in the 1970s between Britain, Ger-

many and Italy (the third Tornado partner).

The arrangements have been criticised on numerous occasions by the public accounts committee, the House of Commons public spending watchdog. Mr Robert Sheldon, the committee's chairman, yesterday welcomed the news of the Anglo-German agreement which was given to the committee by Mr Peter Levine, Chief of Defence Procurement at the Ministry of Defence.

Mr Levine said the agreement was still dependent on its acceptance by the German Parliament, which had finally agreed to fund the 40 new Tornado aircraft.

Germany wants these primarily for reconnaissance and electronic warfare roles.

Freeze-out claim by Land Rover parties

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

POTENTIAL BIDDERS for Land Rover were last night claiming they were being frozen out by the UK Government and the Department of Trade and Industry (DTI) who are favouring General Motors (GM) of the US.

It has emerged, however, that, although a series of discussions — some lasting up to 20 hours — have taken place between the (DTI) and GM during the past five days, they have been aimed at finding a compromise solution which would enable GM to buy Leyland Trucks and a large part of Land Rover from state-owned BL, while leaving some of Land Rover in British hands.

So far no compromise has been reached. BL revealed that it had received a second set of proposals for Leyland

Trucks from Lancashire Enterprise, the job-creation organisation funded by Lancashire County Council.

Some details of the recent contacts between the DTI and GM came to light because the hectic activity was interpreted by some of the other parties interested in Land Rover as an attempt to freeze them out of the bidding.

● A new Japanese rival to the Land Rover is being launched in the UK, with indirect help from Bedford, GM's UK commercial vehicles subsidiary.

Suzuki GB Cars, part of Mr Gerald Ronson's Heron group, plans to import up to 1,000 units a year of a four-wheel-drive pick-up, the SJ413K.

Murdoch group and print unions to meet

BY PHILIP BASSETT, LABOUR EDITOR

RENEWED negotiations are due to take place today between Mr Rupert Murdoch's News International (NI) and the print unions in the dispute over the company's new printing plant at Wapping, east London.

The talks come as Sogat '82, the largest print union, is calling for radical changes in employment law.

Today's talks — expected to be between Mr Bruce Matthews, NI's managing director, leaders of all

five print unions and officials of the Trades Union Congress (TUC) — might be the first in which the two sides begin to approach substantive issues.

Ms Brenda Dean, Sogat's general secretary, said yesterday that last week's talks had mainly been a general discussion, principally renewing contact.

Talks between the two sides will at some stage have to cover the is-

sue of the employment of print union members at Wapping, which the company is likely to resist.

Ms Dean yesterday launched Sogat's proposals for changes in employment law under a future Labour government. She argued that the traditional union view that the law should be kept out of industrial relations was now unrealistic in the light of the Wapping dispute.

In a submission to the TUC in

advance of tomorrow's conference on future labour law, Sogat argues that its own experiences under the law in the dispute — many of its members have been dismissed without compensation and the union has been subjected to injunctions and its funds seized by the courts — "demonstrates the injustice of the current legislation" and showed that amendments to it would be ineffective.

Retail spending keeps up momentum

TRADE REMAINED buoyant in shops last month as extreme cold weather helped retail sales to better-than-expected levels, George Graham writes.

Sales volume in February edged slightly higher than in the previous month and reached a level 3.8 per cent higher than in February last year, the Department of Trade and Industry said yesterday. The Department's seasonally adjusted index of sales for February is provisionally estimated at 117.1, compared with a revised January figure of 117.0.

Retail sales volume in the three months December to February is estimated to have been 1 per cent higher than in the previous three months and more than 3 per cent higher than in the same period a year earlier. The value of retail sales in February is estimated to have been 8 per cent greater than in February 1985.

The Government has emphasised that consumer spending is one of the main sources of economic growth in the UK this year, as export growth is expected to slow down. In his most recent estimates the Chancellor of the Exchequer forecast growth of 4 per cent in consumer expenditure this year, compared with 2½ per cent in 1985.

□ SUGGESTIONS that the Government should be prepared to postpone the flotation of shares in British Gas, already billed as the sale of the century, were brushed aside by Mr David Hunt, Under-Secretary for Energy, in the House of Commons.

"I have no doubt that the future commercial success of Britain will greatly benefit from the ownership of this company being spread among its employees, managers and the pension funds and individual investors," he said.

□ THE WORLD'S merchant fleet shrank for the third successive year in 1985 to 416.3m gross tonnage, bringing the total fleet back to the level of 1980 with more tonnage scrapped than completed, according to Lloyd's Register of Shipping in its annual report.

□ BRITISH AIRWAYS ground services staff are being recommended to accept a two-year pay deal adding an overall 16 per cent to wages in return for productivity concessions.

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Starting with the 518i, you get electronic fuel injection. The 520i's hallmarks are 6-cylinder performance and smoothness,

rev-independent servo-assisted steering, Energy Control and a 5-speed gearbox.

And the top 528i and 535i models give you all the advantages of advanced electronic systems like ABS anti-lock braking, as well as an exhilarating sports performance. The 524td, on the other hand, is not merely one of the highest performance diesels around but also one of

the most economical. In brief: in engines, suspensions, electronics, design and fittings, the 5-Series represents an all-embracing concept that can only belong to one name: BMW.

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UK NEWS

Ferry groups seek quick end to dispute

BY CHRISTOPHER PARKES IN LONDON AND IVO DAWNEY IN BRUSSELS

SEALINK, the UK ferry company, and Regie voor Maritiem Transport (RMT), its former partner on routes between Britain and Belgium, will this week try to reach a quick settlement to the dispute which has led to the British company being barred from Belgian ports since January.

Talks are due to start today involving the two companies and officials from both governments. The negotiations followed a suggestion made by Mr Nicholas Ridley, the UK Transport Secretary, during a meeting of European Community ministers in Brussels last Friday.

If a solution is not found quickly, Mr Ridley could find himself obliged to carry out the threat he made last week to exclude some Belgian ships from UK harbours, cutting services to two each-way runs a day. RMT and Sealink have been asked to let him have their views and any ideas for a solution by next Monday.

The Department of Transport is concerned that the inter-company argument should not be allowed to escalate further. If it is not resolved quickly it could lead to an embarrassing clash between the Belgian and British governments and disruption of cross-Channel car ferry services.

The dispute began last year, shortly after Sealink, the loss-making British Rail subsidiary, passed into the hands of the US group Sea Containers.

At the time Sealink and RMT ran a pooled ferry service between Dover and Ostend. The companies marketed the joint service in their respective countries. At the peak of the holiday season in July they ran 10 each-way sailings a day. The Sealink vessel St David accounted for two of these and under the agreement its owners took 17 per cent of gross joint sales.

As the deal was coming up for review at the end of last year, the new management at Sealink asked for another British ship to be accommodated on the route and pressed RMT to upgrade the quality of its service.

It is understood that the UK company also wanted a 50 per cent share of the gross. The Belgians resisted, claiming that the changes would mean the loss of 1,000 jobs.

RMT's response was to sign up with Townsend Thoresen on the same basis as the old agreement, and shut out its former partner.

Since then, Sealink has been pressing unsuccessfully for access on its own account. "Ideally we wanted to go into Ostend," the company said yesterday. "That is the best port for northern Europe and West Germany in particular."

It was told, however, that there was no spare capacity at the port. It asked for access for two sailings a day through Zeebrugge and was given the same reply. "We pointed out that North Sea Ferries had some spare berth capacity, but it had no effect. That was when we began to feel unwanted," Sealink said. "Since then we have backed off and let the Department of Transport make the pace."

Belgian officials said yesterday that there was no room at Zeebrugge because of repairs to the port. There might be capacity in the inner harbour but because that involved ships passing through a lock system it was no good for car ferries which needed a rapid turnaround.

They said Mr Ridley was over-reacting by threatening to reduce access for Belgian lines, since there were only eight Belgian ships on the run between the two countries compared with 27 flying the British flag.

Financier 'defrauded' investors of \$46m

BY CLIVE WOLMAN

MR Alex Herbage, who set himself up as a financier, patron of the arts, and political and financial newsletter publisher, defrauded more than 3,000 investors of \$46m, a court was told yesterday.

Mr Herbage, who owned a country house near Winchester, southern England which he converted to an art centre, a 15,000 acre estate in Scotland and an art gallery in Cannes, is facing a three-week extradition hearing at Bow Street magistrates court, London.

His extradition is being requested by the US Government on 25 specimen charges including fraud and false accounting.

For more than three years Mr Herbage, aged 55, sent a stream of newsletters and brochures to potential investors, mainly in the US, said Mr John Spokes QC, for the US Government.

The literature claimed that his Cayman Islands company, Capri-man, one of 68 companies he set up spanning several countries, had achieved consistently high profits from trading commodities and currencies.

Clients were invited to invest a minimum of \$35,000 in a High Performance Commodity Account, \$10,000 in a Standard Investment Account or \$1,000 in a Currency Hedge Account by sending cheques

via an Amsterdam-based subsidiary, Trier Investments.

Mr Herbage ensured that his operations spanned several countries to make it difficult to collect evidence against him or to bring a prosecution, Mr Spokes said. For that reason, none of his clients was in the UK.

Investors were sent regular monthly accounts which purported to show that the value of their investment was increasing steadily. By the autumn of 1984, nearly three years after moving his operations from continental Europe to Winchester, Mr Herbage claimed that his investors' assets had grown from \$46m to \$69m, Mr Spokes said.

But most of the money had gone into his art collection, his estates, a large budget for marketing his financial services, the arrangement of conferences and an extravagant life-style, Mr Spokes said. There was only a small amount of trading in commodities and that was generally unprofitable.

Initially Mr Herbage had been able to repay investors when they asked for their money back. But by late 1984 there was no more cash available to do so. The Dutch police raided his offices in Amsterdam and seized a lorry-load of documents, the court heard. Mr Herbage was arrested in England.

The case continues today.

Halfords to sponsor Birmingham road race

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

HALFORDS, the Midlands-based automotive and cycle products retailer, is sponsoring Britain's first Monaco-style motor race - to be held in Birmingham in August - for more than £100,000.

The race is one of a series of initiatives by the Labour-controlled city council to reduce dependence on the area's shrinking manufacturing base. The event is expected to inject £10m into the local economy.

More than 100,000 people are expected to cram the Midlands city streets over the August 25 bank holiday to watch racing cars compete at speeds of up to 200 mph.

Mr Ian Staples, Halford's managing director, said his company's "six-figure" sponsorship would give "significant corporate visibility" at a time when it was undertaking a £50m investment in its stores. The rapidly expanding Ward White group bought Halfords from Burma Oil for £32m in 1984.

The city council said yesterday that it expected to undertake the capital investment for the 2.5 mile (4 kms) road race circuit for "significantly" less than the estimated £1.5m annual cost.

The money to widen carriage-ways, provide catch fences and amenities, will be found from within the council's capital allocations and financed by a loan over five years.

On pessimistic assumptions, the

venture is projected to break even at worst.

The estimated annual cost, necessary to repay the debt, erect grandstands and finance facilities and emergency services, should be more than met by sponsorship, franchise sales, admission charges and television rights.

Halford's sponsorship was arranged by CSS Promotions, the London-based sports marketing consultancy, which is also charged with generating private sector support for Birmingham's efforts to stage the 1982 Olympic Games.

Mr Steve Herrick, CSS sales director, said he was confident that the target £750,000 would be raised by October 17 when the International Olympic Committee makes its final decision.

Companies had already pledged nearly £200,000 in sums ranging from £25 to £80,000. By the end of this month the total would be raised to nearly £500,000.

Mr Herrick said details of support from "two more major British companies" would soon be announced.

Linked with Birmingham's efforts to market itself internationally are plans to build a £120m convention centre.

Funds have already been pledged from the European Commission and work is under way on a site close to the city centre.

Underwriter may face extradition request

BY KEVIN BROWN

THE GOVERNMENT hopes to seek the extradition from the US of Mr Peter Dixon, the Lloyd's underwriter accused of receiving £7m from an insurance fraud, Sir Michael Havers, the Attorney General, told the House of Commons yesterday.

Sir Michael was asked by Mr Stephen Ross, a Liberal MP, when charges would be laid against Mr Dixon for his part in frauds alleged to have been perpetrated by an insurance syndicate run by Mr Peter Cameron-Webb.

The Attorney General said he could not speculate on the evidence being accumulated by the fraud investigation group set up by the Director of Public Prosecutions (DPP) to inquire into the PCW syndicate at the Lloyd's insurance market. But he told MPs: "I hope we shall be in a position to apply for extradition orders."

Sir Michael said the US was "very slow" in dealing with requests for extradition. "We must first have a case that will satisfy the judges in the US," he said.

Sir Peter Emery (Conservative) said there were many Conservative MPs who were concerned that the courts should be able to bring the perpetrators of finance frauds to justice as quickly as possible, particularly where the victims were small investors.

Mr Dennis Skinner (Labour) said

Mr Dixon had been traced to Virginia and issued with a writ relating to a civil action. He asked, "If it is possible for the civil authorities to serve a writ on this man, who with his partner got away with £30m, why is it that a Government, the Fraud Squad and the people acting for the DPP find themselves unable to track him down and carry out what most people would regard as British justice?"

Sir Michael said the degree of proof required in civil cases was different from that required in criminal proceedings. "The difficulty is tracing the funds to the ultimate beneficiary. These funds have gone through several countries and some of the witnesses have been unhelpful."

Lawyers authorised by the Bank of England are seeking to serve a personal bankruptcy petition in New York on Mr Mahmud Sipra. The El Saeed group of companies, owned and run by Mr Sipra, were the largest single debtor of Johnson Matthey Bankers, owing it \$70m, in September 1984 when the bank was rescued by the Bank of England.

In New York, Mr Sipra denied that any court order had been served on him but said he was aware of attempts to do so.

There is every indication that Mr Sipra intends to mount a counter-suit in the US courts.

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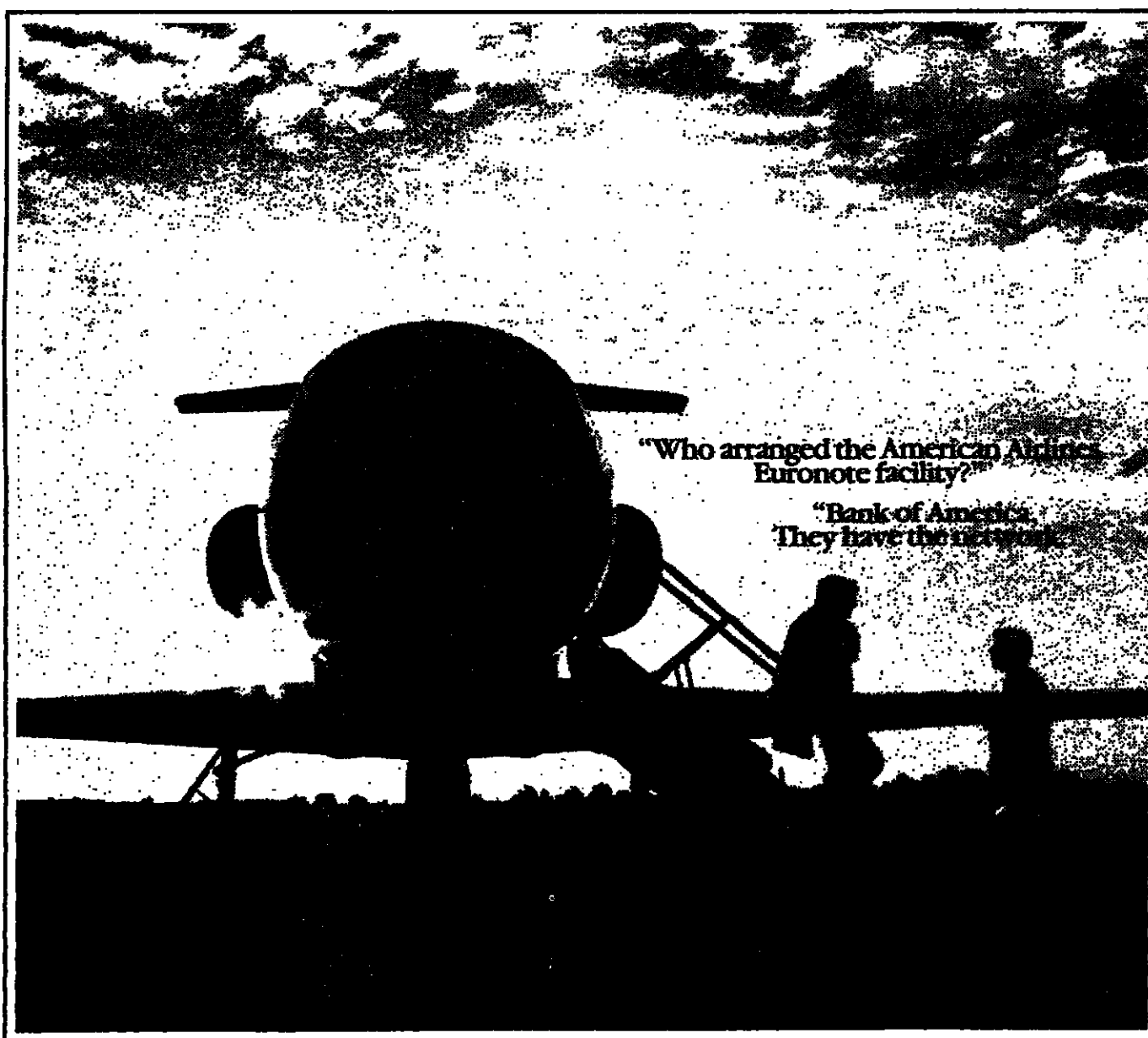
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BRITISH COMPANY REGISTRATION AGENTS

UK NEWS

Planning consent for Telegraph site

By Michael Cassell

THE CITY of London Corporation has granted full planning permission for a £100m office development on the site of the Daily Telegraph building in London's Fleet Street.

The corporation has approved two proposals for the site. A high rise development incorporating 250,000 sq ft of office space in a 285 ft high tower looks the most likely to go ahead. The alternative scheme is for a low-rise building offering a similar amount of floorspace.

The development is likely to be the first of several major projects to be undertaken in and around the Fleet Street area, after decisions by many planning houses to scale down or relocate their operations.

Planning consent for the Telegraph site has been given to Rothsay Developments, which purchased the newspaper's offices and adjoining printing works in 1984. The Telegraph has leased back its existing offices, which are to be retained, along the Fleet Street frontage.

Building work is expected to begin in 1987, when the Telegraph relocates its printing operations to the Isle of Dogs in London's docklands.

Mr Greville Mitchell, chairman of Rothsay Group, said yesterday that the project was being funded internally by Rothsay, through Southeast Bank of Miami, which also provided the finance for the site purchase.

Lawson anxious to take more low-paid out of taxation net

BY ROBIN PAULEY

THE SPOTLIGHT today falls on Britain's poor. The budget is expected to emphasise the need to help unemployed and poor families, while a Conservative move will be made to protect children in poverty under social security reforms.

In addition, a report will show that 8m people in the UK earn less than the Council of Europe's "decency" threshold of wages.

Mr Nigel Lawson, Chancellor of the Exchequer, is known to be anxious, within the limited room for manoeuvre open to him, to take more of the lowest paid out of tax and reduce the average rate of tax paid by others.

During the committee stage of the Social Security Bill this morning Sir Brandon Rhys Williams, the Tory MP, is expected to oppose the Government by moving an amendment that would make the new Family Premium payable to the caring parent, usually the mother, rather than through the pay packet of the main earner, usually the father.

The present plan is to replace Family Income Supplement, which is payable by the Department of Health and Social Security (DHSS) to the mother, with a Family Premium in 1988. This will be paid in the pay packet by the employer who will be reimbursed by the DHSS. It has been presented by the Government as a first step towards integrating the taxation and benefits systems although it in fact merely

represents a transfer of administrative responsibility from the DHSS to the employer without involving the Inland Revenue.

Objections to this plan are rising, and attracting considerable Tory support. They include the further worsening of the imbalance of women's incomes against men's, the reduced likelihood of the premium cash going on expenditure directly related to poor family's needs and the fact that extra administration might further discourage very small employers from employing women with children.

Sir Brandon's amendment has only a slim chance of success as the Social Security Bill's standing committee is more than usually packed with MPs mandated to vote for the Government. Nevertheless, a growing number of Tory backbench MPs have started expressing concern about the Family Premium arrangements.

An analysis by the Child Poverty Action Group and the Low Pay Unit shows that more than 3m British children are being brought up in poverty, or on its margins, and about 1m of them are living in intense poverty.

"The low paid are now receiving a wage that is lower, compared to the average, than at any time in the past 100 years. One third of all those in poverty live in families where someone works full time, the group says.

Trial scheme copies meister system

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

PIONEERING attempts to introduce craftsmen-managers on the lines of the West German meister system into British industry are being made in the toolmaking sector.

Initial reaction to two pilot courses is encouraging. The approach may eventually give a range of industries a much needed method of producing more highly qualified shopfloor managers and foremen.

The master craftsman meister, who blends craft skill with managerial expertise as a result of thorough training, occupies an important place in German industry. A National Economic Development Office (Nedo) comparison con-

cluded that the meister system was one of the main reasons why German gauge and tool companies were about 25 per cent more efficient than British ones.

This has led to an attempt to reproduce meister-style training through a new course for shopfloor managers in British companies and toolrooms manufacturing gauges and tooling.

Two initial courses have been launched at Buckinghamshire College of Higher Education and Henley College and Midland Group Training Services in Coventry. About 30 trainees, aged between 25 and 50, are involved. The National Economic Development Office (Nedo) comparison con-

cluded that the meister system was one of the main reasons why German gauge and tool companies were about 25 per cent more efficient than British ones.

Candidates have to complete a combination of written examinations, practical activity and a project requiring about 200 hours of work. Completion of the entire course involves 900 hours of work over 2½ years.

Backing is by the Nedo gauge and tool sector working party, unions in the industry and the Manpower Services Commission.

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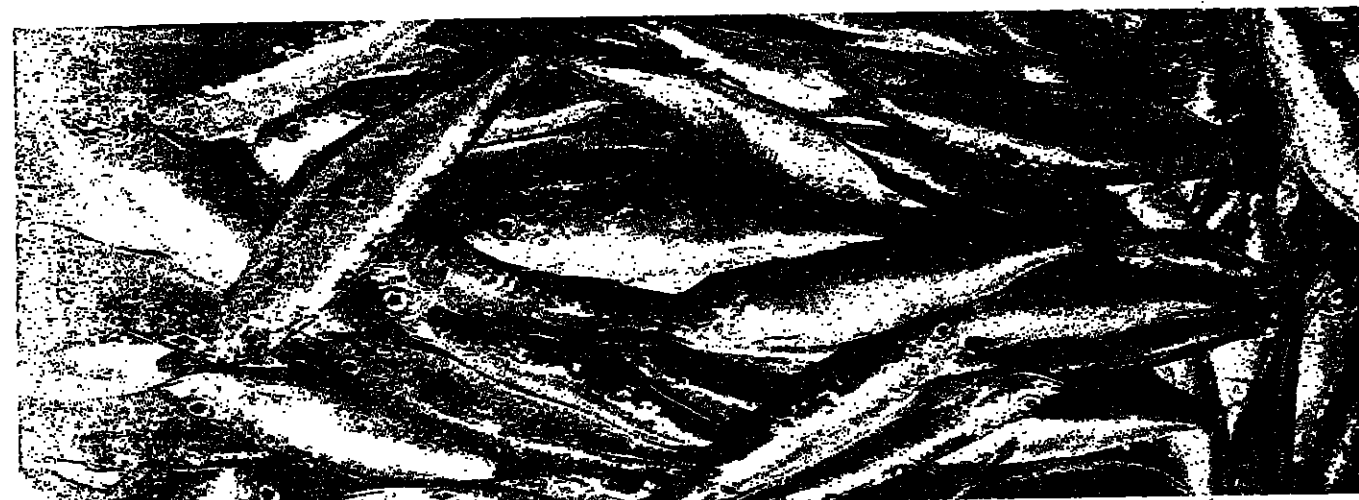
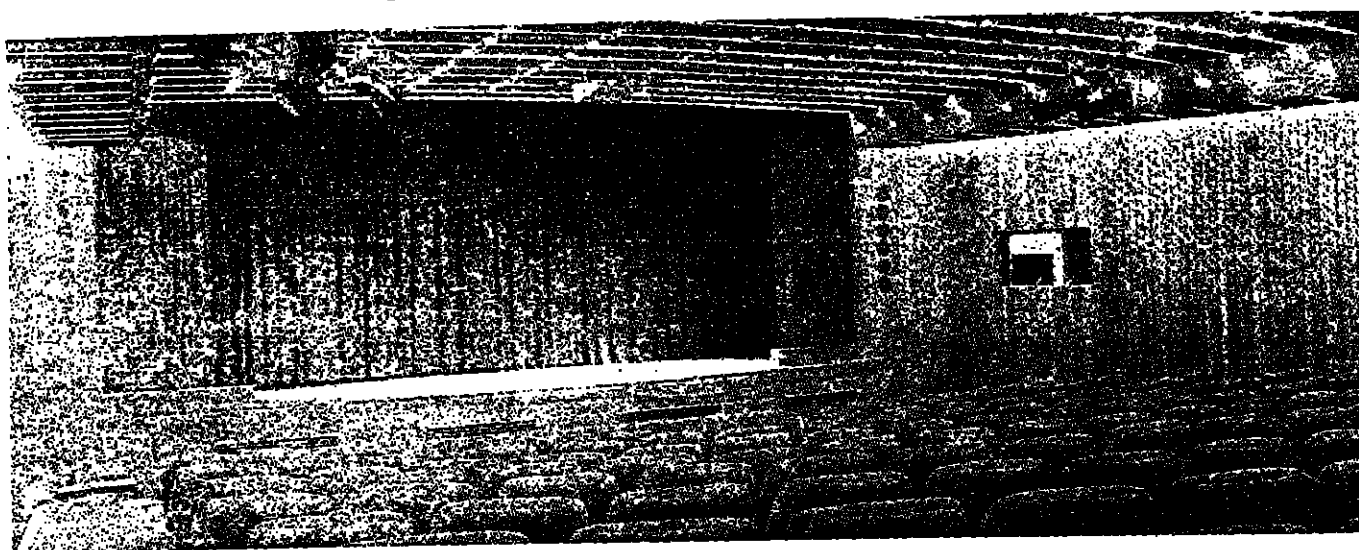
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UK NEWS

one view of Portugal



another view of Portugal

You probably already know about the golden sunny beaches in Portugal and the watersports in the transparent aquamarine sea beneath a sky so blue, you can almost drink it. But (surprise, surprise) did you know you can get a Portuguese sunbathe as early as May and as late as October?

Portuguese explorers were famous for discovering new lands on their odyssey round the globe. What aren't quite so famous are the many different countries inside our own small country. Each has its own individual arts, crafts and festivals. Most of them (surprise, surprise) are open all the year round.

Likewise, our health spas will help you relax. But (surprise, surprise) have you also heard about our night life and discos?

You won't be surprised to learn that centuries of Portuguese history have left behind many fine castles,

monasteries and churches. But (surprise, surprise) we also have some equally splendid hotels and some of the finest golf courses in Europe.

Our excellent wines, cuisine and the warmth of Portuguese hospitality are equally well known. But did you know how easy it is to organise a conference in Portugal?

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portugal
surprise, surprise, it's Portugal

Portuguese National Tourist Board

Rich must contribute more, says Hattersley

By Ivor Owen

THE BY-ELECTION campaign at Fulham, in west London, warmed up yesterday with the contestants seizing on today's budget and law and order as the main issues.

Mr Roy Hattersley, Labour's Treasury spokesman, made clear that his party's programme to help the less well off would not just be financed by an increase in income tax on the top 5 per cent of earners. There was a variety of other ways in which the rich could make a larger contribution, he said.

Mr Hattersley indicated that Labour was looking at the possibility of some sort of replacement for the investment incomes surcharge and increases in capital gains and capital transfer tax.

Labour would achieve its aims by "redistributing the wealth of the very rich to the very poor."

The Social Democratic Party (SDP) Liberal Alliance candidate, Mr Roger Liddle backed up by Mr Ian Wrigglesworth, SDP economic spokesman, dismissed Labour's budget proposals as "pie in the sky" and challenged Mr Hattersley to have them costed through a computer model. He put forward an Alliance plan, which he said had been carefully costed, to create 120,000 jobs in London over three years.

Mr Norman Tebbit, the Tory Party chairman, in characteristic aggressive mood, accused Labour leader Mr Neil Kinnock of presiding over a party that was "a seething mass of people showing little respect for the law."

He cited a weekend demonstration in London by the print unions and the activities of Labour councillors on the left to back up his allegations.

Mr Hattersley said Labour would increase child benefit by £3 a week at an annual cost of £1.2bn and increase single pensions by £5 a week and married pensions by £3 a week, costing £2bn a year. Although this would be financed by raising revenue from the richest 5 per cent of the population, it would not be done merely by reimposing the old rates on highest tax payers.

The contest in the marginal west London constituency has been caused by the death of the Conservative MP Mr Martin Stevens, who held the seat at the last general election with a majority of 4,789.

Fowler stresses need for personal pensions

BY ERIC SHORT

MR NORMAN FOWLER, the Social Services Secretary, yesterday announced the formation of a small group to advise him on the practical aspects of marketing personal pensions, including consumer protection.

He told delegates on the first day of the annual Financial Times pensions conference - Pensions in 1986 - held in London, that the introduction of personal pensions available to all employees was a crucial part of the Government's pension reforms.

He considered the key issue in the successful development of personal pensions would be to strike the right balance between regulatory protection of employees and effective competition between pension providers.

Mr Fowler considered that it would be necessary to take full account of practical experience to enable ministers to achieve this balance in reaching their decisions.

The new group would provide that practical guidance, on top of the working links that were being made by his department with the established bodies in investor protection and pensions supervision - the Securities and Investment Board and the Occupational Pensions Board.

Mr Fowler pointed out that the aim of the Government in the Social Security Bill was to give more people the best possible pension opportunities for the future. He emphasised that it was necessary to keep the arrangements as simple as possible and to provide positive encouragement to employers and employees to make their own pension provision and lessen their reliance on the state.

The Secretary of State attacked the many critics of the Government's proposed 2 per cent extra contribution payable for five years to all employees taking out personal pensions and to all new contracted-out company schemes.

He rejected arguments that the extra contribution represented a subsidy from good employers, who had already provided pension schemes for employees, to bad ones who so far had done nothing. He said that this was a short-sighted view.

Mr Fowler accused those complaining against the incentive as being opposed in principle to the introduction of personal pensions and

the ending of compulsory membership of company pension schemes.

He urged those responsible for occupational pension schemes to respond to the new competitive environment by promoting the considerable benefits that company schemes could offer. He rejected as ludicrous the accusations that the Government was endeavouring to "bribe" employees out of company schemes.

Mr Tom Heyes, vice president of the National Association of Pension Funds, in giving an industry assessment of the Government's pension proposals, specifically referred to

delicately poised, balance between state and private sector provision and there were many difficulties that remained to be solved.

He criticised the Government's proposed flat rebate for all pension arrangements contracting-out of the state earnings-related pensions scheme, which Mr Fowler had defended on grounds of simplicity. This would, he claimed, distort the whole financial framework governing occupational pension schemes by being too generous to younger employees and insufficient to older ones.

Mr Fellows urged the Government seriously to reconsider this aspect of the proposals.

He discussed other implications of the bill, including the introduction of unisex annuity rates and the controls on advising employees of their pension choices under the new framework.

Mr Dryden Gilling-Smith, managing director, EBS (Management), felt that the proposals represented a start to the freeing of the pensions industry from the straitjacket of controls. But he was critical of the way in which the Government was going about it, in particular its promotion of the money-purchase style of pension arrangement.

Lord Harris of High Cross, director general of the Institute of Economic Affairs, said that there should be a balanced radical reaction approach, explaining how these two opposites could be reconciled in a framework of individual choice and responsibility.

He expressed his preference for a funded scheme approach and the need to phase out special tax privileges for pensions. He warned delegates that the present proposals would be by no means the last word on pensions reform.

Mr Edgar Palamontain, chairman of the Wider Share Ownership Council, gave a guarded welcome to the proposals as a move in the right direction towards furthering the objective of spreading personal shareholdings away from the institutional investment holdings as represented by the pension funds.

Mr Maurice Oldfield, group pensions executive of Allied Lyons, attacked the Lord Chancellor's proposals for the reform of pension rights for divorced persons as being so impractical that no one in their right minds would try to embrace it into law.

FINANCIAL TIMES CONFERENCE

Pensions in 1986

the 2 per cent extra contribution as a bribe. He explained in detail why the pension movement was opposed to this proposal.

The industry, he said, in general applauded many aspects of the bill, including the Government's decision to retain the state earnings-related pension scheme and to simplify contracted-out requirements. But he emphasised that the extra contribution proposal "stuck in the gullet."

Consultant actuaries had estimated the cost of paying the extra contribution to be at least £1bn. In Mr Heyes' opinion, this would be a cost that would be unjust not only to existing pension schemes but to taxpayers as a whole.

Mr Heyes highlighted the necessity for employers to be adequately protected when being sold personal pensions. He emphasised it was essential for the Government to define clearly how the requirements of the Social Security Bill would interact with those of the Financial Services Bill and to define clearly the status of the Occupational Pensions Board with the Securities and Investments Board.

Mr Derek Fellows, chief actuary of the Prudential Corporation, told delegates that the Government's proposals represented a serious disturbance to the established, though

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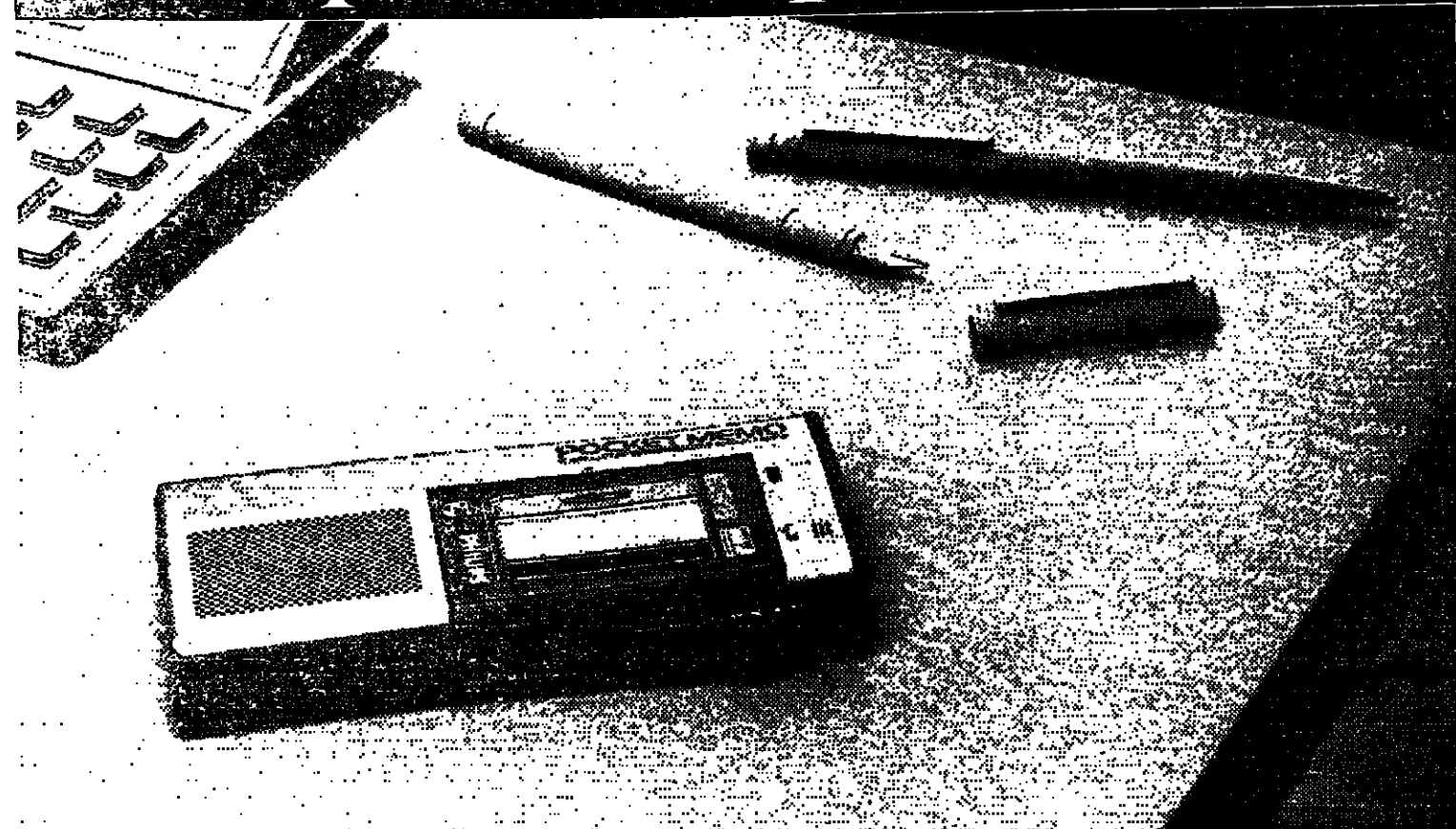
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INFORMATION MANAGEMENT

THE MANAGEMENT PAGE: Small Business

CAPITAL INTENSIVE businesses are always difficult to get started because of the high initial investment required.

Yet there are ways of getting round this problem, as shown by Quality Software Products (QSP), a UK producer of packaged software based in Newcastle upon Tyne in the north east. QSP was not deterred by the impossibility of affording a mainframe computer. Instead, it borrowed its customers' machines.

Although this practice is not unusual among small software ventures, QSP's experiences provide an insight into the special problems this approach imposes on fast growing companies.

QSP makes programs that enable workstations to update various kinds of accounting information on a central mainframe as and when they like—or in real time. Its immediate competitors' systems have to interrupt the central computer to update information in batches, which means that workstations could be using data which is several hours out of date.

Most start-up companies could not afford to develop such a product because it can only be created on a mainframe computer, which costs at least £250,000. When QSP started life five years ago, it persuaded customers to let it use their mainframes in part payment for QSP software.

Despite some horrendous practical problems, like having to work at night when customers were not using their computers, the approach has paid off handsomely. QSP's turnover has tripled over the past four years to an estimated £5m for the current 12 months to March.

In the process, the group has become, according to the National Computing Centre, a technical UK leader in real time financial database systems both for mainframes and mini-computers.

By bartering its own software packages for customers' mainframe computer time, QSP and its 45 staff have been able to compete successfully against much larger and richer software suppliers.

Like Management Sciences of America (MSA) and McCormack & Dodge of the US, QSP, the brainchild of Alan Mordain, a sometimes outspoken 42-year-old Geordie, has found that borrowing other people's services can have serious drawbacks beyond a certain point. That is why QSP raised £400,000 for its own mainframe among other developments last spring by selling 30 per cent of its equity to Advent, the London venture capital group.

Until five years ago, Mordain was UK general manager for

Borrowed time produces growth

William Dawkins on QSP's novel business links



Alan Mordain: used customers' computers

Assyst, a Dutch software supplier for which he had set up a British operation. He was keen for Assyst to start producing its own packages, but the Dutch group preferred to stick to consultancy and selling others' products. "I felt I was getting nowhere," recalls Mordain.

Few industries can be as free with inter-company defections as software, so Mordain had little difficulty in persuading five of Assyst's UK team of 50 to join him. Together, they put up £22,500, just over half of which came from Mordain—enough to get them started in a breezeblock and corrugated iron shed in Washington, Co Durham.

The plan was to operate as a general software consultancy, using consultancy income to finance product development until the company could eventually switch to selling its own packages, a strategy which has permitted several software groups to grow with very little outside financial help.

For QSP, that was just as well, because raising outside finance—a £10,000 overdraft from Barclays Bank and a job creation grant from the Department of Trade and Industry—proved to be a frustrating battle. "For a long time, the bank would not lend unless I had

DTI backing. But the DTI would not back me unless I had bank support—and clients would not even give me a hearing without either," says Mordain.

Eventually, however, he did get a sympathetic hearing from Patons & Baldwins, the Darling-ton-based subsidiary of the Coats Patons textile group, and a former Assyst client, which hired QSP to change its accounting systems from batch to real time and offered access to its mainframe into the bargain.

By day, the team worked on general consultancy assignments in Washington, moving over to Darlington at evenings and weekends for the Patons job. "On many nights we weren't back from Darlington until 2 am. It put a tremendous strain on us all," says Mordain.

By the end of the first year's trading, QSP had made just three product sales and turned in a £28,000 loss on turnover of £550,000. "The bank was getting very nervous. If they had had their way, I would have forgotten about new product development long ago and just concentrated on consultancy," claims Mordain.

But on the strength of the credibility gained from the Patons contract and a great deal of door-stepping by Mordain, other orders soon followed

from large customers like International Paint, Mercedes Benz, Formica and Dunlop Industrial, among others.

At first Patons—and later International Paint—were delighted to let QSP loose on their mainframes because the products ended up more closely tailored to their needs than would be the case if they were developed outside.

But as QSP grew, those relationships became too close for comfort. The two large companies began to get resentful when QSP started using their mainframes to develop or copy packages for sale to other people. "After a while, their data processing managers told us: 'You can't go on using more of our computer time than we are,'" recalls Mordain.

Moreover, QSP's staff were finding that taking software copies—21 in 1984—from customers' mainframes was getting time-consuming and demotivating. "We had to send people on a 150-mile round trip just to sit around and wait until the user was prepared to let them onto the computer. We just had to have our own machine," says Mordain.

The Advent injection (QSP received offers from four venture capitalists) also enabled the company to move to smarter offices in Newcastle upon Tyne, more calculated to inspire confidence in customers. Advent also helped QSP win a contract for a sales ledger package for British Airways headquarters at Heathrow when one of its directors, Neil Pearce, joined the QSP sales presentation team. Although Pearce did not take an active part in QSP's sales pitch, Mordain believes "his presence certainly had a good effect".

QSP is now considering whether to make a bid for Continental European markets—its packages need very few changes to cope with foreign languages—or to aim for an Unlisted Securities Market quotation in the next two years. Mordain feels that it would be impossible to do both at once, since the investment needed for a European push would hit profits, expected to reach £100,000 pre-tax this year, and considerably stretch his management.

While QSP is now on a more secure footing, the risks have not yet been fully contained. Before Advent's arrival, Mordain admits: "I was constantly looking over my shoulder at MSA and the others. If I could do it on a shoestring, what could they do with their huge financial resources?" Raising venture capital might have reduced the gap between QSP and its largest competitors—but not closed it.

Midland puts its customers in order

VERY FEW small businesses have a clear idea of what their production costs are.

As a result, they tend to rely on gut feel for what the market will bear when determining pricing. That is one of the main conclusions of a report on small business management deficiencies which Midland Bank will be sending within the next month or so to its 2,000 branch managers.

The report is extracted from analyses of 400 companies with annual turnovers ranging from £200,000 to £5m carried out over the past two and a half years by the bank's Business Advisory Service (BAS). It is designed to point branch managers to subjects on which small business customers are likely to need the most advice, but also provides a revealing insight into the amount of guesswork involved in small business management.

BAS consultants produce free 20- to 40-page reports for Midland customers designed to have growth potential, advising them on how to put their houses in order. Formalised costing systems represent the most common stumbling block for managers, with 88 per cent of the sample confessing that little or no attention was paid to that subject in their ventures.

Just over three quarters of BAS clients had ignored management accounting, while financial forecasting, time management, analysis of debtors and creditors and stock control were also low on their list of priorities. In all, the BAS identifies 11 management issues which received scant attention from more than half of its business clients.

Smart White, manager of the Midland's small business unit, admits to being surprised at the high percentage of businesses which received scant attention from more than half of its business clients. "It is difficult, he points out, to be sure exactly where individual deficiencies lie because they will tend to be linked. "One could argue, for instance, that skills in marketing might well be affected by not getting pricing right," says White.

Business skills in which Midland's customers appear strong include awareness of professional image, supplier relations, storage and warehouse control, safety and export information. Less than a quarter of BAS clients had omitted to pay attention to those areas.

WD

Venture capital

Investors becoming choosy

William Dawkins reports that high risk is now unfashionable

THE HIGH risk end of venture capital has gone out of fashion with investors if the pattern of fund raising so far this year is anything to go by.

Brown Goldie this week becomes the second fund management group to launch an unquoted institutional fund in 1986—and like the first one, Phillips & Drew Development Capital, it is aiming firmly at the top end of the small company scale.

"People are becoming much more selective. Two to three years ago, it was all venture capital; now investors understand that it is sensible to get more of a spread," says Peter Goldie, one of Brown Goldie's two founders, who is looking for between £5m and £10m to invest in well established private companies.

This is Brown Goldie's second call on the market since its foundation in 1983. Its first fund, Colomade Development Capital, raised £4.25m two years ago, of which £2.5m is invested in seven companies. Brown Goldie estimates that they

show an impressive compound rate of return of more than 90 per cent annually. Valuing unquoted businesses can be subjective; but the group has independent assessments—through takeover approaches, sponsors' flotation estimates and one refinancing—of all but one of its investments, which is accordingly in the books at cost.

Goldie promises two flotations from the Colomade portfolio within the next few months: Monotype Corporation, a maker of laser photocopiers (for today and the Daily Telegraph among others), which is heading for the Unlisted Securities Market, and Westbury Homes, the house-building management buy-out shortly due for a full flotation.

The new fund, Brown Goldie Development Capital, takes a tip from Phillips & Drew by adopting a partnership structure, an increasingly popular practice among British venture capitalists. The advantage is that the fund itself pays no tax, so that each investor is taxed as if he were investing inde-

pendently. A conventional fund is taxed directly on income and disposals, which might not suit all investors, especially those with tax exempt status.

Partnerships are the norm among US venture capital groups, but have taken longer to catch on in the UK because it was not until recently that fund managers have found ways round certain technical restrictions on the ability of pension funds to join partnerships.

Colomade investors have already put up £5m for the new fund which will be looking for unquoted UK companies with taxable profits of about £200,000 in any industry. It will, however, avoid participating in some of the larger management buy-outs, where Goldie believes prices are getting too high. "Some of these management teams are competing against industry buyers trying to bid against them. To afford a higher price, they end up putting an unacceptably high level of gearing into the company," he says, echoing an anxiety which is being increasingly felt by many development capitalists.

In brief ...

THE availability of small business finance has grown impressively over the past five years, but progress has been made in providing capital for start-up ventures, explains the National Economic Development Council.

"Smaller companies face both higher borrowing rates and fees that are larger in relation to the small sums raised," says the NEDC's committee on finance and industry in its latest report, External Capital for Small Firms.

This could either be because providers of finance exploit "their greater market power and expertise relative to the typical small business," or because investors and lenders are "unduly cautious," speculates the report. A lack of appreciation by small business managers of new sources of finance could also be part of the problem, it says.

Nevertheless, the report points out that the so-called "equity gap" below which small businesses find it hard to raise finance has narrowed

significantly in recent years. The 1971 Bolton Report identified the equity gap below £250,000, which is about £1m at today's prices. The average 31 investment in 1984-85 was £284,000, but there are still difficulties in raising less than £100,000 says the NEDC.

The report calls on the Government to place a limit on the amount that companies can raise under the Business Expansion Scheme and to end the present uncertainty over the future of the Loan Guarantee Scheme—two government measures which will undoubtedly receive attention in today's Budget.

In addition, the NEDC suggests that school leavers should receive business introduction courses in their final year and that the Government's Small Firms Service should be further co-ordinated with Enterprise Agencies as sources of advice for entrepreneurs.

External Capital for Small Firms: a review of recent developments—£3.50 from NEDC Books, Millbank Tower, Millbank, London SW1P 4QX.

DECISIONS made between now and the end of this year could have a big impact on small businesses' end of year tax bills.

UK Taxation of the Family Company, the latest free booklet from accountants Arthur Andersen, draws attention to several ways in which managers can improve their tax position over the next few weeks.

Family companies should, for instance, make full use of annual capital transfer and capital gains tax exemptions for April 5, while payments to directors before the end of the tax year could save on National Insurance contributions. Copies are available from the Publications Department, Arthur Andersen and Company, 1 Surrey Street, WC2R 2PS.

Meanwhile, accountants Price Waterhouse have updated their guide, UK Tax Planning, to incorporate tax planning ideas following the 1985 Finance Act. Copies are free from Price Waterhouse at Southwark Towers, 32 London Bridge Street, London SE1 9BY.

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TECHNOLOGY

ICI is launching a major move into the agricultural seeds business, with the help of biotechnology.

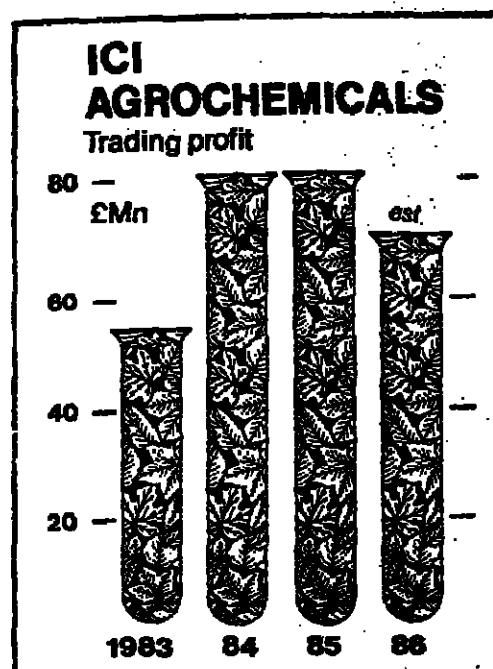
Dr Alan Hayes, chairman of ICI's Plant Protection Division, and head of the company's new International Seeds Business, says the group plans to spend £17m on advanced research facilities in the UK and the US. Research spending will rise to £10m a year, and with the recruitment of 100 extra staff, this new money will lay the foundations of ICI's programme in agricultural genetic engineering for the next 20 years.

In 1985 ICI acquired Carst Seed Company, a leading commercial seeds operation based in Iowa, and specialising in maize. This is only the first of other planned acquisitions, mainly in Europe, which ICI believes will form the basis for the development of an international seeds business.

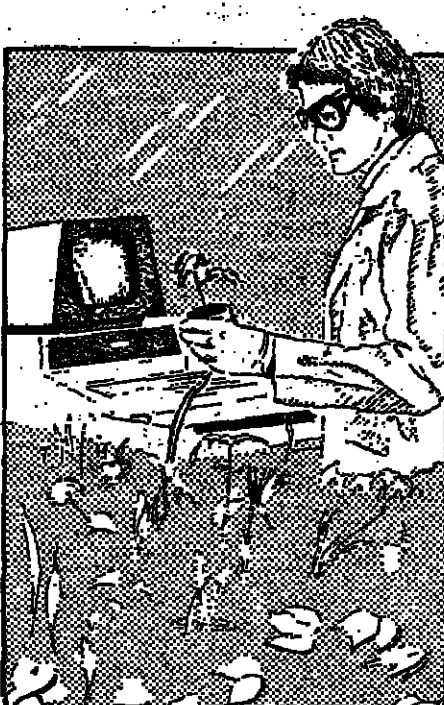
ICI heads the list of contenders—which includes arch-rivals Ciba Geigy and Shell—for a takeover of the National Seeds Development Organisation, and other parts of the UK Plant Breeding Institute, destined to be sold off later this year.

Although ICI's conventional plant protection business has continued to prosper, with turnover last year up 13 per cent to £715m, the pesticides business overall is looking less attractive, and is prompting agrochemical companies to look elsewhere for future expansion. There is increasing competition for the few new opportunities in the pesticide business. At the same time, satisfying complex regulatory requirements costs up to 60 per cent of product development costs, currently estimated at between £20m and £40m.

ICI's initiative coincides with a general strengthening of commercial exploitation of Britain's considerable expertise in fundamental plant genetics. Next month, the Department of Trade and Industry (DTI) is



Source: W. Greenwell



Major attack by ICI on agricultural seeds market

Genetic engineering will play key role, reports Stephanie Yanchinski

expected to announce a major programme of collaborative research between industry, and British research institutions, to speed up the development of "tools" for the genetic engineering of plants.

The research "club" will be jointly financed by nine companies, as yet unnamed, and the DTI's biotechnology unit.

It will involve research teams

at the University of Durham, Warwick University and several units sponsored by Government research councils. One of the topics of interest will focus on plant "vectors"—the genetic vehicles or "messengers" by which foreign genes can be transferred into plant cells.

Dr Hayes sees biotechnology offering special advantages over conventional breeding techniques in three areas.

He thinks conventional breeding can be speeded up using well-proven biotechnological techniques, such as tissue culture, or other culture. Here just a few cells of a plant are induced to grow into a mature plantlet under artificial conditions in the laboratory. Protoplast fusion, where two plant cells are stripped of their outer walls, and induced to fuse, could also provide a quick route

to new hybrid varieties, now laboriously bred by hand in open fields.

Secondly, he believes gene probes—short sequences of DNA (the basic chemical of heredity)—will find ready applications in the detection of disease-causing viruses, and for "fingerprinting" valuable plant material, to prevent property infringement.

Finally, he says, genetic engineering offers the chance to cross genetic barriers, and breed remotely related species which would not happen in Nature. Genetic engineering involves moving genes from one species to another, using special vehicles called "vectors."

The major seed markets are in the US and Western Europe. ICI will focus its research on breeding new varieties of maize, for example, which can survive extremes of temperature and thrive in poor-quality soils.

Other target crops embrace those of interest to European farmers, such as sugar beet and oil seed rape, as well as aiming at the American market with new varieties of soya, sunflowers and vegetables.

ICI faces stiff competition from other agrochemical rivals anxious to diversify into seeds. Shell UK claims to have already perfected an another culture method for breeding hybrid barley. This is showing "good" results, while Monsanto, the US chemicals giant, is well on the way to a herbicide-resistant soybean, another of ICI's goals.

During the past decade, ICI's record of innovation in the agrochemical business has been impressive. On average it has invented at least one active ingredient each year. By 1984 it had pulled itself up from 10th to 5th place in the rankings of world agrochemical companies.

Battle lines drawn over standard for high definition TV

MOST people with a spattering of knowledge about television know that the world is not just divided into East and West, Jews, Moslems and Christians or socialists, republicans and nationalists. It is also divided into NTSC, SECAM and PAL—the three incompatible technical standards used by TV broadcasters around the world, with casters around a North American and Japanese standard, SECAM peculiar to the French and Eastern Europe and PAL common in the rest of Europe and some other countries.

The technical division has been, in the past, the cause of political rivalry and a continuing nuisance to engineers, manufacturers and producers. It has even led one way—recognising the technical shortcomings of NTSC and the common sense of PAL—to claim that the initials did not really stand for the names of committees or technical descriptions. Nay, NTSC means "never twice the same colour" (it was notorious for drifting), SECAM for "system électronique contrairement to the Americans" and PAL for "peace at last."

However, the peace has been short lived. The political pressure is building up again, with a clamour for high definition television (HDTV) to be adopted as a future world standard. Although there is not much discussion over the quality benefits of HDTV, the real battle is over the need for HDTV and its precise technical specifications.

The real politics begin, however, with the battle over the choice of an HDTV production standard. At the centre of the disagreement is the joint US/Japanese proposal for 1,125 lines operating on a 60Hz frequency supply. Since Japan and the US have a domestic electricity supply of 60Hz, and the UK and Western Europe supply of 50Hz, this is one of a number of important issues to be discussed this May when an international committee (the CCIR) meets in an attempt to agree a world standard.

The NTSC parts of the globe naturally want 60Hz as the standard, while the Europeans say that wouldn't they? They also have some rather neat technical rationalisations for their case—such as absence of flicker (Americans visiting London often find PAL at 50Hz irritating because the framing rate is on the edge of acceptability for those who look hard enough). They also argue, perhaps rather puritanically, that

the HDTV protagonists claim that productions shot on videotape using this new standard are at least comparable in quality—if not better—than 35mm film. Although theoretically 35mm film should have a higher resolving power, the HDTV supporters say that by the time 35mm film is projected on to a cinema screen its definition is degraded by unsteadiness or weave (due to necessary tolerances in sprocket wheels and film perforations).

The HDTV lobby also claims that for television production, despite the higher cost of the equipment, it remains cheaper than using 35mm film—which is currently preferred for glossy productions such as Dallas. Indeed, a detailed budget prepared by CBS for a one-hour drama shot on 35mm and on HDTV claims that the latter will still save more than 15 per cent on total costs—despite higher equipment charges and

movement reproduction is smoother at the faster picture rate used on 60Hz systems (for example 30 pictures per second against the 25 for PAL countries).

It hardly comes as a surprise, in the wake of such debate, to also learn that the prestigious Society of Motion Picture and Television Engineers in the US is also examining proposals for a change to the 24 frames per second standard universal in the commercial cinema (worldwide a unique example of technical harmony). Similar benefits are claimed for 30 fps in the cinema—for instance, greater movement fidelity, no flicker. But equally important and politically shrewd is the compatibility that a new 30 fps film standard would have with any 60 Hz television standard.

But PAL and SECAM countries would then need to reprint 30 fps films down to 25 fps for compatibility with their 50 Hz standard—a standard which would still prevail at the receiver end in Britain and elsewhere unless mains supplies were changed. And HDTV videotape, if shot on the 60 Hz standard, would also need conversion for transmission in PAL countries.

Behind the proposed 1,125 line, 60 Hz HDTV standards are CBS, Sony and Japanese TV broadcaster NHK—all of whom have worked for many years on developing what everyone concedes is an excellent system. If agreement is not reached on this standard, there is a fear that the world will have three standards for HDTV in the next 25 years—a rerun of the NTSC, PAL, SECAM confusion.

PAL can still offer some peace at last through proposals from the IBA (Independent Broadcasting Authority) and others for an enhanced version of PAL which—many claim—yields adequate quality improvements without the same compatibility problems or huge re-engineering costs.

At stake in this battle could be large export orders for manufacturers—and a direct challenge to the traditional experience of the cinema. But perhaps even more relevant is who decides—the engineers, the politicians, or the consumer, of whom nobody seems to have asked the question "do you want cinema-quality pictures in your living room?"

Video & Film

BY JOHN CHITTOCK

the use of an extra crew member as focus puller (to ensure more precise focusing, critical in HDTV).

The real politics begin, however, with the battle over the choice of an HDTV production standard. At the centre of the disagreement is the joint US/Japanese proposal for 1,125 lines operating on a 60Hz frequency supply. Since Japan and the US have a domestic electricity supply of 60Hz, and the UK and Western Europe supply of 50Hz, this is one of a number of important issues to be discussed this May when an international committee (the CCIR) meets in an attempt to agree a world standard.

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Multi-user boost to US microcomputer industry

BY ALAN CANE

A PHOENIX in the shape of multi-user computing seems to be rising from the ashes of the US microcomputer industry. Many believe that the dramatic retrenchment in the US industry is a direct result of technological immaturity in multi-user systems, where a number of individual workstations are connected to the same processing unit.

The customer was ready to pass messages and share files; the technology was not up to the task. Now, however, the Unix operating system and the Motorola 68000 and Intel 80286 processors are emerging as the technical standards.

According to Input, the California-based consultancy, the multi-user segment of microprocessor market in the US is 400,000 installed units or seven per cent.

It estimates that it will grow at a 29 per cent compound annual growth rate, becoming a \$100m industry in 1990; it would then represent an installed base of 3m units or 15 per cent of the microcomputer market.

According to Input, the primary multi-user system value conveyor per user costs are lower than for comparable stand-alone micros, local area networks or microcomputers.

Only a few manufacturers at present cater for such groups: Convergent Technologies, IBM, AT & T, Alltel, Fortune, NCR, Onyx and Tandem. Input thinks that the IBM AT, most powerful member of the IBM business

based systems. A second value is the ability of a multi-user system to share resources in the form of peripherals and data among members of a working group.

The growth of such systems gives Information Systems managers the chance to correct past mistakes, especially those caused by the uncoordinated buying of incompatible computers. Input argues.

PC family will become the most prevalent multi-user machine. At present, it can support up to three users.

"AT compatibility" Input says "will become as important as IBM PC compatibility." The growth of such systems gives Information Systems managers the chance to correct past mistakes, especially those caused by the uncoordinated buying of incompatible computers. Input argues.

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The information given above is tentative and will form no part of any eventual contract.

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5th March, 1986

INVITATION TO TENDER FOR THE SUPPLY OF SPARES FOR MECHANICAL AND ELECTRICAL EQUIPMENT

- The Anambra State Water Corporation proposes to rehabilitate some of the mechanical and electrical equipment installed at the pumping stations, for which project a number of spares will be needed. The foreign component of the cost of spares will be funded out of a loan provided by the World Bank for the Anambra State Water Supply and Sanitation Project.
- Details of spares requirements are as follows:
Spares for:
1) Sumo Submersible Pumps
2) Pleuger Submersible Pumps
3) Rolls Royce Diesel Engine Model C8TFL
4) Rolls Royce Diesel Engine Model SF 6ST
5) Rolls Royce Diesel Engine Model C8200 and C8TACA
6) Petbour generators
7) Elco generators
8) Electrical Switchgear
9) Perkins Diesel Engine Model 4.236 and 6.354
10) Elco Water Treatment Plant
11) JCB Excavator
12) Pont - A - Mousson Water Meters
13) Fittings for Asbestos Cement Pipes to 150 Standards
- Tenders are now invited for supply of spares for any or all of the above items.
- Tenders will be received only from persons or firms from the territories of member countries of the International Bank for Reconstruction and Development, Switzerland and Taiwan. Expenditures for goods produced in or services provided from the territories of any country (other than Switzerland and Taiwan) which is not a member of IBRD will not be permitted and tenders contemplating such expenditures will be rejected.
- Tender documents shall be collected from the Secretary to the Corporation.
- Completed Tenders should be marked "Confidential Tender for the Supply of Spares for Mechanical and Electrical Equipment" addressed to:
The Secretary,
Anambra State Water Corporation,
3, Constitution Road,
P.M.B. 01296,
Enugu.
- Tenders must be received on or before 3.30 p.m. on 2nd May.
- The Corporation is not bound to accept the lowest or any tender.

(J. C. Udeagbala)

Secretary

ANAMBRA STATE WATER CORPORATION

THE ARTS



"Three In One," 1985, by John Massey

Art in Canada/William Packer

To go to another country for the first time is to go fully armed, if not with actual prejudice, at least with certain expectations; and to have them then confounded is all part of the fun. I have just returned from a tour of Canada, from Vancouver, by way of Banff, Toronto and Ottawa to Montreal, that has lasted a fortnight at the invitation of the Department of External Affairs. In its course I spoke to artists, critics and curators of all kinds, visited museums, galleries and saw altogether a mass of work.

I had not thought, seeing all the principal cities strung along the country's southern fringe, that the US would seem so far away. In all the centres I visited the sense was clear and strong that among artists the preoccupations were local first, national second and truly international third. Everywhere ambition was more serious than fashionable and a healthy scepticism cultivated of the bubble reputations to be won in New York and of the attitudes they bespeak. New York is known well and monitored closely but only as part of the more general scene.

Toronto is the natural national focus, for there is to be found the greatest concentration of working artists from across the country, and there too is the most active market for contemporary art. But it is no undisputed pre-eminence and, with Vancouver maintaining a necessarily somewhat distant objectivity and detachment, the axis between Toronto and Montreal is what gives the art world of Canada its peculiar creative charge. The angle phone and the transphone come together all the time but, like oil and vinegar (with just a pinch of salt and pepper), they do sometimes curdle, and

always there is a certain pliancy to the taste.

If the artists of Toronto and Vancouver and the American example so easily resistible, by how much more should those of Montreal, who speak of Quebec far before Canada as their native country. It is not surprising in itself that the Musée d'Art Contemporain de Montréal, for example, should build up its collection in a proportion of 2:1 between national and international work, but an eyebrow is raised on first learning that work from the rest of Canada is counted as international. The visitor needs only a day or two in the city, however, to take the point.

There, in so fiercely nationalistic a critical climate, the eye turns readily enough to Europe for international stimulus and reference, but seems to register the actual work only the most difficult and haphazard way. For a visitor from Britain it is salutary if disappointing to remark the scant attention paid to current British art.

In terms of quality and kind and working circumstances across the whole range of activity, Canadian and British artists have so much in common that anything but a constant exchange of experience and ideas is a gross waste of creative opportunity. But all turns on money in the end.

So it is that Canadian curiosity about British art is largely the creature of the British council's current enthusiasm for the latest school of younger British sculptors—Cragg, Woodrow, Kapoor and their fellows. And to be fair to the British council, only so much can be done as has been done. In a sense the Canadians have the advantage of us, for with a permanent gallery here in London, the occasional exercises of biennale and international festival have been

augmented over the years by a steady flow of exhibitions of Canadian art.

But here again, on the other side, that official syndrome of critical narrowness and partiality obtains, and for "Young British Sculpture" we have long been inclined to read "Canadian Video and Installation." Again, to be fair this time to the Canadians, there is a practical and historical justification to hand, for it was only by this trip that I came to realise the singularity and scope of their contribution to the development of this field over the past 15 years or so.

The setting up of alternative sites and artist-run centres, non-profit-making exercises in self-help, was an act of art politics which now accounts for some C\$7m of the Canada Council's annual budget—a further C\$8m goes on awards to individual artists through all the disciplines. The effect was to make available to the artist equipment of the most sophisticated kind that would otherwise have been far beyond his reach, and naturally the hint was taken. The initiative remains unique to Canada, at least in its extent, and the work that has come out of such places as the Western Front in Vancouver, Trinity Square-Video in Toronto, and Videographe in Montreal has been rightly remarkable.

But there is more to art than the electronic and the three-dimensional, and it is in no sense to argue against the more cerebral and conceptual modes of art that they naturally encourage to say there is also room for the intuitive and the spontaneous, old-fashioned oil paint, on canvas and figurative reference. Such work of course has always been current in Canada just as it has been in Britain, and of the highest quality. We should begin to show more of it to each other.

The Golden Legend/Leeds

Arthur Jacobs

To Arthur Sullivan it was "the best thing I ever done." In this century, however, *The Golden Legend* has been relegated to the lumber room among the vast number of Victorian "sacred" cantatas. On Saturday in Leeds a centenary performance was so magnificently directed by Sir Charles Mackerras that one could almost believe in the piece.

Leeds Town Hall, where the work was launched under the composer's baton in 1886, was again the location. The excellent Leeds Philharmonic Choir enabled Sir Charles to scale the summits with an impressive control of pace and climax. The Manchester-based BBC Philharmonic Orchestra revealed Sullivan's fine ear for the palette of a much larger instrumental force than could be exhibited in the operettas with Gilbert. Among the soloists, Brian Rayner Cook did splendidly in

deputising at a few hours' notice for an indisposed Richard Van Allan, bringing life to the sardonic figure of Lucifer.

Unfortunately those big choral climaxes, eloquent in demonstrating Sullivan's skills as a composer, stand aside from the conflict supposed to be evoked by the drama itself. The hero and heroine—the medieval Prince Henry and the young peasant woman who offers her life for his cure—similarly lack depth of interest, and the narrative comes apart at a vital point.

Much of *The Golden Legend* can be admired; the failure is what is missing.

Robert Tear dealt sympathetically with Prince Henry but Sheila Armstrong's Elsie lacked urgency of delivery and richness of colour. In the supporting role of Elsie's mother, Sarah Walker was her usual admirable self. Enthusiastically received by a full house, this was at least a festive centenary salute to the work of course has always been current in Canada just as it has been in Britain, and of the highest quality. We should begin to show more of it to each other.

'The Mousetrap' celebrates again

The Mousetrap by Agatha Christie is a third of a century old on March 25. The occasion will be celebrated with a party at the Savoy, Princess Michael of Kent as guest speaker.

Since opening at the Ambassadors Theatre in November 1952, the play has been presented in 42 countries and translated into 23 languages. The play continues at the St Martin's Theatre.

Carmen Jones/Sheffield Crucible

R. A. Young

Carmen Jones does no more violence to Bizet's *Carmen* than that opera does to Merimee's novel. *Carmen* was written as an opera comique, with spoken dialogue carrying the story between the musical numbers, and its characters are recognisable, with the required theatrical imagination, as genuine contemporary figures.

Oscar Hammerstein's adaptation matches it precisely. The tale has been brought into an American parachute factory in 1943. Carmen Jones is one of the workers, Joe (José) an army corporal, who falls for her. Cindy Lou (Micaela) his girl from back home, Husky Miller (Escamillo) a heavyweight boxer. All are black.

The Crucible has an opera director, Stephen Pountney, working with its artistic director, Clare Venables, on what is surprisingly a European premiere. The result is theatrical to see and when the moments come, operatic to hear. It is played in front of clever designs by Alison Chitty that use a series of flats dropped upstage from the flies. Their only fault is intrinsic to the Crucible's open stage: there is no surface adequate to reflect the sound over the audience. Singers are kept upstage for the solos as far as possible to make optimum use of what there is.

Maureen Brathwaite's Cindy

Lou makes good use of this principle and her singing is sweet and clear. La Verne E. Williams is a splendid Carmen both to hear and see, and if she somewhat physically dwarfs her Joe (Derek Lee Ragin), this is a not-uncommon operatic mishap soon forgotten, and Mr Ragin has voice enough to compensate. As Husky Miller, Marshall Ward makes a compelling first entrance in his white outfit, but his voice does not quite match the power suggested by his appearance.

The only 20th century touch in the singing comes from Stella Starr's exciting performance of what is now "Beat Out That Rhythm on a Drum" at Billy Foster's bar and it touches off an epidemic of dancing, imaginatively choreographed by Carole Todd, who maintains the mood in the railway quintet later in the scene.

There is a good solid chorus, and a choice from 24 kids for the children's numbers. The whole enterprise, which runs from the 12 strong band under the stage, conducted by Jeremy Sams, who has made some handy orchestrations of his own. The enterprise, which must be very expensive and is subsidised by the Yorkshire Bank, is an undoubted success.

In the Crucible's Studio is Who Killed Hilda Murrell? by

Chris Martin. Hilda Murrell was an elderly spinster much involved in anti-nuclear propaganda and environmentalist activities. She believed there was a Nuclear Brotherhood aiming at dictatorship. Two years ago she was murdered by an extraordinary intruder who—so hastily that he left the door open and the light on—drove her away in her own car, right through downtown Shrewsbury, and dumped her half naked body in a copse, dead from stab wounds.

The police think that the murderer was a burglar with sexual associations. But Miss Murrell believed she was being threatened by some kind of nuclear intelligence force. Moreover, her nephew had been in Naval Intelligence during the Falklands incident, and there are those who think he had told her too much about the Falklands sinking.

Neither of those lines is very persuasively argued, but certainly the circumstances of her death were remarkable, and the killer still has to be caught. The play is no more than a documentary, but the fascinating matter is well presented by the four players, Linda Broughton, Richard Cordery, Annie Raitt and Andy Raschleg, and directed, with perhaps a trace too much emotion, by Jane Collins.

The Clerical Outfitters/Lancaster

Charlotte Keatley

Brian in haversack and boots (played by Andy Serkis), who will cross swords with the Archdeacon over religion but is prepared to get dispensation to play squash with him on Thursdays, also blaspheming Mr Ferris with his temperamental ulcer (Ian Blower) and pernickety Monsiigneur Bryne (Jon Strickland) in black cassock, flapping his broken umbrella like a distracted stalling.

Design, lighting and music exemplify the collaborative strength of Mr Petherbridge's team policy. Alice Purcell's set combines communion-wine cellar, cramped office, and shop-floor with chaises on display. A three-storey backcloth of religious estimates, lit from behind by Phil Clarke, glows tur-

quoise gold, lime and crimson, like a stained-glass window, while soaring organ music completes the illusion.

Mr Petherbridge's direction is sensitive to the script's shrewd understatement but fails to highlight some wonderfully ironic situations. The second half of the play is seriously flawed by speeches which Elizabeth Bond has already subtly conveyed, and these hamper the superb acting at the point they should take fire. This stasis and a dissipated ending should have been re-worked by director, actors and writer: what is the point of asking a playwright to be in residence if the result shows no evidence of a creative dialogue?



Stefan Escreet and Jon Strickland

Borodin Quartet/Elizabeth Hall

Dominic Gill

The fifth festival on Sunday afternoon of the Borodin Quartet's Shostakovich cycle showed the players at their most intimately refined. Their performances of both the Tenth (in A flat, Op 18) and the Eleventh (in F minor, Op 42a) quatuors offer every ensemble playing today bring such clarity to

such complex resonance? The Borodin's violin and cello were joined by Peter Donohoe after the interval for the better known Second Piano Trio in E minor—less intimate, more ebullient, more dramatically forward in its argument, the slow music very slow, the fast music sparkling with energy.

Shirley Valentine/Liverpool

Michael Coveney

A new play by Willy Russell is a big event in Liverpool, and the Everyman, its future uncertain after the abolition of the Merseyside County Council, is packed to the gills for a bravura, pulsatingly comic and inventive solo performance by Noreen Kershaw as Russell's Shirley Valentine, a 42-year-old mother and housewife who packs her bags and heads for the sun. The note in the kitchen will read: "Gone to Greece, back in two weeks."

Shirley is discovered preparing dinner, sipping a glass of wine and addressing her scornfully Scouse stream of semi-consciousness to the wall, beyond which lies life. The dramatic conceit consists in the overheard musings of an unfulfilled woman, but Russell and Kershaw embrace the audience in this wonderfully atmospheric three-sided auditorium so that we become not just the confidential listener, but the responsive community Shirley does not have at home.

It is a simple and brilliant idea, and it works very well. Shirley is a woman who is over-acted pastime, like going to Sainsbury's, lots of pushing and shoving and not what you wanted at the end of it. Joe gets culture shock going to Chester. Daughter Jane once received an autograph—and breakfast—from Henry Adrian (good local joke); she was a feminist the moment she came home and found her husband in bed with the milkman.

That gives an idea of the script's flavour, but does scant justice to Russell's ability to build his laughter into both character and situation. At some stage I assume director Glen Walford will tighten up the second act. When Shirley discovers the eithoral orgasm course of the conservative Costas ("He kissed my stretch

marks"), she takes off on a rather over-extended, dangerously maudlin passage about the terrible weight of unmet life.

But the performance remains compelling. Miss Kershaw opening up like a bank of spring flowers. Joe has heard about the affair and is on his way, convinced that it is all down to "the bleeding change of life." The profound and perennial point of the comedy is the problem we seem to have contemplating the idea of a woman alone—in a pub, on a beach, in a restaurant. This is what Shirley learns to combat as she unravels her own sexual and social identity—in the format of a one-woman show.

Like *Educating Rita*, though, this is a genuine play. Rita I was less keen on than many other Russell pieces. The confessional device of the receptive lecturer cluttered the emergence of Rita; the playwright, in a sense, writes a companion piece replacing the lecturer with the audience. The event a much firmer purpose and more dramatic dynamic.

The play is not only funny, it is also moving. Russell, like all the best folk artists, holds up familiar aspects of life for inspection and enjoyment by an audience he knows inside out. He is an instinctive feminist—nothing to do with metropolitan fringe theatre or vegetarianism and his work often, as here, gains richness from exposing Liverpoolian idiosyncrasy, chauvinism and defensive smart-aleck to a radical desire for people to improve their lives and see themselves with more dignity. This, in the end, is what Shirley Valentine achieves. The notable design by Claire Lyth transports us and Shirley from her brick and pine open plan kitchen to an idyllic rocky beach and the reality of romance.

Monteverdi/St John's

Richard Fairman

The court at Mantua was an opulent focal point for the arts. By the turn of the 17th century the ruling house of the Gonzagas enjoyed an indulgent and lavish lifestyle quite unrelated to the real economy of the power. The leading musicians of the day were readily at their call and an evening's entertainment meant not only the best in singing and dancing, but also the latest music of Monteverdi, most celebrated of the court's masters of music.

The venue of St John's Smith Square, does not have much of this heady atmosphere. But in an unusual programme on Friday night a new formation of performing groups called Historic Arts tried to recreate a good deal more of the colour and vitality of the period than we usually see in straightforward concerts. Music and dance were hand in hand, the latter that were able to provide by combining the force of the Schütz Consort and the Early Dance Project.

The advantages are obvious. When Monteverdi wrote a piece like his *Tempe la citta*—"Ogni amante è guerrier" and purely instrumental ending—it is easy to imagine that he intended dancing or movement to

fill out its warlike message. This band of singers and dancers, colourfully costumed, was able to make the most of all those opportunities. One's only regret is that a capacity St John's audience was far too large and passive a crowd for them to stir up a Mantuan-like rapport.

In trying to devise the most attractive programme the group cheated a bit. An unlikely number of plums from Monteverdi's output was included and some of the items dated from after his time in Mantua, at least strictly according to the publication dates. But it would be churlish to pass up the chance of hearing pieces as dramatic as "Ogni amante è guerrier" and as moving as the *Stabat Mater*, sung with much vocal purity by Susan Bickley.

A little more theatrical flair would have helped this piece take off. Otherwise the music came to life with all the vitality the group must have hoped, specially when the soprano Catherine Pierard and characterful, deep bass Richard Wislreich were involved. Roger Norrington (music) and Lawrence (dance) are behind the project and are to be encouraged to experiment further.

Saleroom/Antony Thorncroft

Miniatures make it big

The best auction of portrait miniatures for 50 years did well at Sotheby's yesterday, totalling £826,815, with just 4.9 per cent unsold. The 187 miniatures on offer were half of the collection of the late Sir Charles Clow: the remainder will be sold at Sotheby's on November 10.

The top price, and a saleroom record for a portrait miniature, was the £50,600 paid for a portrait of an anonymous cartographer produced in 1795 by Marie Gabrielle Capet. Bought by a private collector, the price was well above the £10,000 top estimate. Capet, the pupil of another female artist, has never achieved such a price before but the miniature was so finely done that Sotheby's put it on the cover of its catalogue for the sale.

Two continental dealers, Bucher from Switzerland and Mrs Rudigier from Munich, competed keenly for many of the lots. Bucher acquired for £47,300 what was expected to be the top lot, a miniature of Marie Clementine, Archduchess of Austria, signed and dated by the celebrated Heinrich Fugger, 1795. It carried a top estimate of £30,000.

Mrs Rudigier carried off the next three most expensive items, paying £46,000 for a 1782 portrait of a Princess of Württemberg in the mid-1850s. They had belonged to the distinguished connoisseur David David-Weill who, on his death in 1952, left half his collection to the *oeuvre* and half to the market.

He had acquired them in the great age of miniature buying in the early years of the 20th century. Prices, in real terms, have not reached the levels set then when rich men, such as Pierpont Morgan, bought freely. Sotheby's hopes that the Clow sales will awaken interest in this market, especially on the continent, for the Clow collection is heavily biased towards French miniaturists of the late 18th and early 19th centuries. Yesterday's auction justified the saleroom's confidence.

Madame Feydeau, by the celebrated Isabeau, was cheap at £12,100, to Bucher.

The Clow sales were frugally secured against when Bucher secured for £11,000 a portrait of a young boy, attributed to the artist. It carried a top forecast of £20,000, making it the second highest estimate lot. Some experts believe that the miniatures were painted by Fragonard's sister.

Sir Charles Clow bought his miniatures, as a collection, from Wildenstein in the mid-1950s. They had belonged to the distinguished connoisseur David David-Weill who, on his death in 1952, left half his collection to the *oeuvre* and half to the market.

He had acquired them in the great age of miniature buying in the early years of the 20th century. Prices, in real terms, have not reached the levels set then when rich men, such as Pierpont Morgan, bought freely. Sotheby's hopes that the Clow sales will awaken interest in this market, especially on the continent, for the Clow collection is heavily biased towards French miniaturists of the late 18th and early 19th centuries. Yesterday's auction justified the saleroom's confidence.

From April 14 the watercolours and drawings in the Turner Bequest at the British Museum will be withdrawn from view. They will not be publicly available until they take up residence in their new home, the Clow Gallery annex to the Tate.

The Clow Gallery is scheduled to open in the spring of 1987. Funded by the Clow Foundation it will house the 20,000 drawings, watercolours and sketchbooks which Turner bequeathed to the nation on his death in 1851. The British Museum's own collection of Turner watercolours and drawings will remain in the Print Room of the BM.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

Mar 14-Mar 20

Opera and Ballet

PARIS

Paris Opera: La Traviata alternates with Cherubini's *Medea* conducted by Pinchas Steinberg in a new production by Liliana Cavani with Shirley Verrier/Daria Vozzova in the title role and Werner Holweg as Jason. Also Tchaikovsky's *Manfred* choreographed by Rudolf Nureyev with the poet danced by Charles Jude/José Guzmán the sister by Florence Cler/Karin Avery and the Countess by Monique Louchere/Elizabeth Piatel. (4266 5022).

Maurice Béjart's 20th century ballet follows in La Salle de la Fée by Le Cocqeur danced to music by Hugues Lebar, Adam, Tchaikovsky, Stravinsky, Palais des Congrès. (4266 2075).

L'Escaut des Jours: A world premiere, music and text by Edouard Penard, inspired by a Boris Vian novel, Timothee, which includes two saxophones, electric guitar, jazz piano and drums is conducted by John Burdick. Opera Comique (4266 1220).

LONDON

Royal Opera, Covent Garden: After an absence of some years The Flying Dutchman returns to Covent Garden in a new production by Mike Ashman conducted by Gerd Albrecht with Simon Estes, Rosalind Plowright, Siegfried Jerusalem and Robert Lloyd. On Sunday evening Dietrich Fischer-Dieskau gives an-

other of his Celebrity Recitals in the house. English National Opera, Coliseum: Another brand new Wagner production this week even more eagerly awaited: Parsifal in Andrew Porter's English, conducted by the great Reginald Goodall, produced by Joachim Herz, with cast including Warren Elworthy, Anne Evans, Gwynne Howell, and Neil Howlett. Also in repertoire: the ENO's lively, well-sung account of Jonathan Miller's "Dream-in-a-library" *Magic Flute*, and the company's largely unsatisfying *Madam Butterfly*.

Royal Opera House, Covent Garden: The Royal Ballet offers a triple bill of Frankenstein, Consort Lessons and *Clara*.

WEST GERMANY

Berlin, Deutsche Oper: This week's highlight is *Tosca* starring Janis Martin and Giorgio Lamberti. Madame Butterfly has Yoko Nomura, Halga Wisniewska and Franco Teglavini. Also in the repertoire: Der Barbier von Sevilla and Die lustigen Weiber von Windsor.

Hamburg, Staatsoper: Parsifal has Gabriele Schnaut making her debut as Kundry, Faust, with a complete new cast, features André François, Gabriela Benackova and Alberto Caputo. Fidelio has Lisbeth Balslev brilliant as Leonora and James King as Florestan.

Frankfurt Opera: Hector Berlioz's rarely played *Die Trojener* is again offered this week. Anja Silja's masterly Kassandora leads a strong cast. Premiering this week is Orpheus in der Unterwelt, produced by Jürgen Tamschitz. Don Pasquale has fine

interpretations by Julie Kaufmann, Rodolfo Schwanbeck and Barry Mora. Munich, Bayerische Staatsoper: Elektra, conducted by Heinz Pickle, is respectable with Astrid Varnay, Ingrid Bjonner and Carmen Reppel. Don Giovanni is worth seeing with Edita Gruberova, Trudeliese Schmidt and Kurt Moll. Mamon is a fine production by Jean-Pierre Ponnelle. Also offered Volker David Kirchner's *Belshazzar*.

WASHINGTON
Jeffrey Ballet (Opera House): National tour of the noted international company. Ends March 23 (254 3770).

CHICAGO
Filibolus Dance Theatre (Goodman): Traditional dance combined with a popular contemporary troupe. Ends March 22 (434 3800).

TOKYO
Vienna State Opera: Der Rosenkavalier, conducted by Heinz Pickle, is respectable with Astrid Varnay, Ingrid Bjonner and Carmen Reppel. Don Giovanni is worth seeing with Edita Gruberova, Trudeliese Schmidt and Kurt Moll. Mamon is a fine production by Jean-Pierre Ponnelle. Also offered Volker David Kirchner's *Belshazzar*.

VIENNA
Volksoper: Schwanda der Dudelsackpfeifer by Weinberger; Orpheus in der Unterwelt; Die Czaardariusin; La Bohème (33 24 28 97).

NEW YORK
Metropolitan Opera (Opera House): The week features Sir Peter Hall's production of *Carmen* conducted by James Levine with Maria Ewing in the title role, Catherine Malfitano as

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Tuesday March 18 1986

France tilts to the right

THE unexpectedly narrow margin by which the conservative parties appear to have won the French parliamentary election has left President François Mitterrand in a strong position to influence the future course of events. The socialist government's policies have not been disavowed by anything like the massive majority that had been forecast, nor can the neo-Gaullists and Centrists be said to have won a clear-cut mandate for their programme. As a result, the President has more room for manoeuvre to appoint a Prime Minister of his own choice and a greater say in the composition of the government than was thought likely.

The fact that the President has emerged in a relatively strong position from the election may lessen the risk of a constitutional conflict between the Head of State and his Prime Minister, as was generally feared in the event of an overwhelming right-wing victory. But that will prove to be true only if the President uses his powers prudently and with due respect for the choice of the voters.

The temptation for Mr Mitterrand to use the present situation to further his own ends, probably at the expense of the country's political and economic stability, will be considerable. For no one is in any doubt that he, in common with the leaders of the conservative parties, all along has had his eyes firmly fixed on the horizon of the 1988 presidential election.

Climate

Even if Mr Mitterrand decides not to run for a second term, and nobody at present would want to create the kind of political climate in which a Socialist candidate can win. That will certainly condition the President's choice of a successor. Mr Mitterrand is well aware that the new leader of the government can either greatly strengthen his own chances in the presidential election, or greatly damage them, by creating circumstances such as a clash with the President.

The opportunities for Machiavellian manoeuvres are almost limitless in the aftermath of the parliamentary election. But for the sake of the wider interests of his country and those of France's allies and trading partners.

US and Japan plan a cartel

THE IDEA that the world's two most powerful trading nations might set up an international cartel to control exports from London to Seoul would once have been dismissed as an economic fantasy. Yet, such is the hysteria in Washington over America's declining competitiveness in high-tech industries, this is precisely what seems to have been mooted in bilateral negotiations between the US and Japan over the \$30bn world market for semiconductor chips. American officials seem increasingly to regard collaboration with Japan as a more attractive option than competition.

The plan under consideration is that a global price and production control monitoring system should be established. US and Japanese chip makers would have to submit price information to a US agency every time they sold chips—whether in the US, Japan or third markets. If prices were found to be above "fair values" as established by US trade laws, the guilty manufacturers would face stiff penalties. In the US this blatantly protectionist scheme is being promoted as the only way to make domestic anti-dumping legislation effective.

There is no doubt that the Reagan Administration feels under great pressure to do something about import penetration in its semiconductor market. Japanese manufacturers now hold a 90 per cent share of the market for dynamic random access memory chips (d-rams). Last week the US Commerce Department imposed dumping duties of between 20 per cent and 180 per cent on Japanese chip makers found guilty of selling below "fair value" in America. However, domestic sanctions are unlikely to be effective as US purchasers of memory chips are already making arrangements to buy offshore and thus avoid the duties.

Compensation

The future of the global price fixing scheme is likely to be settled in talks between US and Japanese officials in Washington later this month. There is strong pressure on the US side to thrash out an agreement

with Japan. It is to be hoped that Mr Mitterrand will act on the basis of higher criteria.

The result of the election may have been very close, but it did represent a substantial swing to the right. The Socialists have lost more than 70 National Assembly seats, while the traditional conservative parties have added 140 to their combined total in the 1981 general election.

In a democratic society, such a big shift of voters across the political spectrum must be reflected in government policy. The conservative parties were elected on a specific programme of economic reforms, including privatisation, the deregulation of the country's financial sector, removal of price controls and tax cuts.

Privatisation

Whether it is Mr Jacques Chirac, the leader of the neo-Gaullist RPR party, or someone else who is nominated as Prime Minister, he should be given the means and support to carry out the programme of the parliamentary majority. Indeed, the gap between the Socialists' economic programme and the conservative parties' looks more unbridgeable on paper than in practice.

In a small way, privatisation has already begun under the Socialists and one or two industrial chairmen of the money market are no secret of their desire to see the process continue. Some of the biggest state groups have started issuing non-voting stock to private investors. The big St Gobain industrial concern has lifted off two of its subsidiaries and quoted part of their capital on the Bourse.

The Socialist government has also made a start on deregulating French financial markets, particularly as far as the daily management of the money market is concerned. At the same time, plans are afoot to phase out the traditional system of bank lending ceilings and regulating money growth and allowing the job to be done by interest rates.

The basis for a modus vivendi between a Socialist President and a conservative Prime Minister is therefore already in place. Though some compromises will have to be made on the conservative programme, Mr Mitterrand should accept the will of the electorate and facilitate its implementation.

WHO BELIEVES in Spain more than the Spaniards do? Well, the Americans, the Japanese, the French and the Germans, do for a start.

Spain's own companies, smaller than their counterparts in the main European Community countries, still wallowing in the after-effects of the crisis of the mid-1970s and not sure yet what to do about community entry, are reluctant to invest even though recent figures show a slight upturn. But foreign companies are keeping up a constant inflow as Spain makes its EEC debut.

The Government's victory in last week's referendum on Nato, by removing a threat of political instability, also removes a potential psychological barrier to foreign investment, especially from the US.

Last month, Kubota, the leading Japanese farm machinery maker, announced that it would start making tractors in Spain later this year. It intends to buy a controlling stake in the tractor division of Motor Iberica, the troubled automotive group owned by another Japanese group, Nissan.

Foreign investment in Spain has been steadily increasing for ten years, encouraged by the prospect of EEC enlargement. Last year the total, including property and portfolio investment, rose by \$650m (\$444.3m) to \$3.16bn. Direct investments in the country's financial sector, removal of price controls and tax cuts.

The attractions of Spain for multinational companies vary from sector to sector. For some, such as the car makers, the combination of an inexpensive but competent workforce and access to the whole EEC market is the key. The quality of products coming out of the conservative parties looks more unbridgeable on paper than in practice.

In a small way, privatisation has already begun under the Socialists and one or two industrial chairmen of the money market are no secret of their desire to see the process continue. Some of the biggest state groups have started issuing non-voting stock to private investors. The big St Gobain industrial concern has lifted off two of its subsidiaries and quoted part of their capital on the Bourse.

The Socialist government has also made a start on deregulating French financial markets, particularly as far as the daily management of the money market is concerned. At the same time, plans are afoot to phase out the traditional system of bank lending ceilings and regulating money growth and allowing the job to be done by interest rates.

The basis for a modus vivendi between a Socialist President and a conservative Prime Minister is therefore already in place. Though some compromises will have to be made on the conservative programme, Mr Mitterrand should accept the will of the electorate and facilitate its implementation.

Spain is paying for its tech-

Strategy man for Ford of Europe

By appointing Kenneth Whipple, aged 51, from Detroit to be the next chairman of Ford of Europe the company has surprised a number of its closest observers, and has given notice that things are going to be different in future.

Whipple's arrival at the Watlington, Essex, headquarters follows that of Alexander Trotman, drafted in as president of Ford Europe.

The company is hoping that the two men will provide a nice balance of skills to direct Ford of Europe into what promises to be a highly competitive market. While Trotman is an operations man—a car-maker and plant manager—Whipple's entire career has been in corporate management, strategy, and finance.

Under Robert Lutz (who is moving from Essex to the US as Ford's executive vice-president for the truck division) Ford Europe weathered the recent difficult years in the European market better than most volume producers, and last year profits picked up. As a seasoned European car man (ex GM and BMW) Lutz

has been wandering around Oxford with the glad tidings that he represents a group of Japanese donors wishing to give £1m to some lucky institution of learning.

Not surprisingly he was first received as an honoured guest by the inhabitants of a number of high tables. But then doubts set in.

A memo this month from the president of Templeton College, which houses the Oxford Centre for Management Studies, warned his fellows that the Thames Valley police are "trying to trace Dr (or Mr) Natori for a number of civil offences" (including bounced cheques).

It may be a coincidence, but a Mr Natori, resident in Oxford, has also been in touch with leading trade unionists, including Roy Sanderson, national electronics officer in

the EEC share is increasing. EEC projects approved by the government last year rose 18 per cent to about \$750m. French investment, including food ventures, has soared to rival West Germany's. The highest business owner in Spain, after the Spanish state, is the French state (through companies such as Renault, Saint-Gobain and Rhone-Poulenc).

More Community investments are expected in order to take up positions in the Spanish markets—notably distribution subsidiaries and services. Volkswagen is poised to conclude its takeover of Seat, the state-owned carmaker with a \$3.3bn plan to remodel its production set-up. Siemens, the West German chemicals group, and Pirelli, the Italian tyre manufacturer, are extending their Spanish activities.

While the home market with its considerable expansion potential remains a decisive factor, foreign companies have

PORTUGAL SIFTS THROUGH THE APPLICATIONS

AS A fully-fledged member of the European Community, Portugal is sifting through a growing number of investment applications from Japan, South Korea, the United States and Brazil.

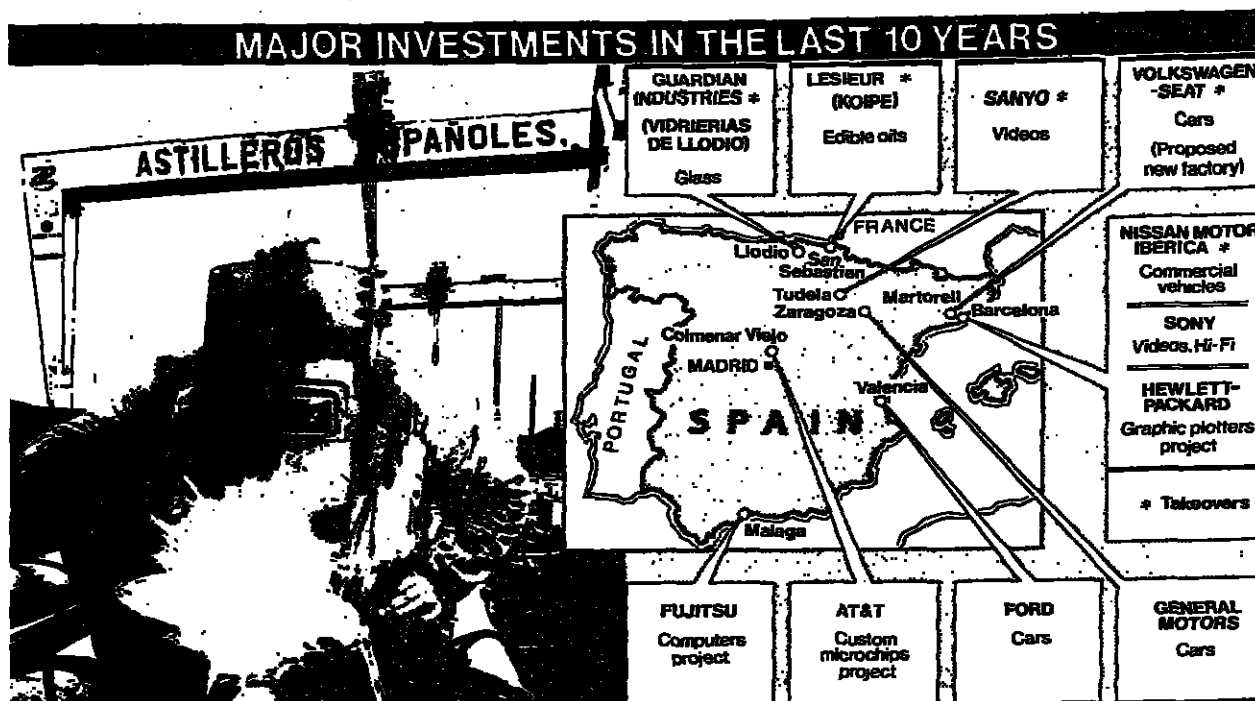
Although Portugal has a smaller market than Spain, Portuguese manpower is well known. When well managed by foreign manufacturers it is highly productive. Also in Portugal's favour a skilled Portuguese worker costs two thirds less than his Spanish equivalent.

Most inquiries from non-

MULTINATIONAL INVESTMENT

Everybody wants it made in Spain

By David White and Ian Rodger



foresee that despite the Iberian countries' notorious lack of labour flexibility (making people redundant is a costly and cumbersome process), the labour factor will continue to attract further production, especially since a relatively wide margin remains for improving productivity.

They are probably right. Courtaulds, the UK textile group, took over Cyanacra, an acrylic fibre producer in Spain, late in 1984 mainly to improve its position in the local market. The transition has been successful and the group now uses Cyanacra as an export base as well.

While US corporations seeking European footholds have dominated the investment picture in recent years, Spain has also become a prime target for Japanese investment in Europe. Some 13,000 people are employed in Japanese subsidiaries or joint ventures, and

the EEC share is increasing. EEC projects approved by the government last year rose 18 per cent to about \$750m. French investment, including food ventures, has soared to rival West Germany's. The highest business owner in Spain, after the Spanish state, is the French state (through companies such as Renault, Saint-Gobain and Rhone-Poulenc).

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become increasingly geared to exports. Among the more recent arrivals, Ford and General Motors, for instance, are both primarily exporters, as AT&T will be. This shift can be explained to some extent by the slowing of Spanish demand, and also by the export obligations written into recent investment agreements—but most of all by the approach of open access to the EEC.

Something of a switch has taken place since the investment surge of the 1960s and early 1970s. Companies came then because it was the only way of getting into Spain and eluding its high tariff barriers. Studies show there was a direct correlation between the degree of protection in a given market and the amount of foreign investment. During this period, foreign companies imported more than they exported. Since 1977 this has been reversed.

Since the oil crisis investment has focused on volume

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production of small cars, a sector in which Spain will have no fewer than six multinationals, including Volkswagen, on oil-related activities such as plastics, and on banking, which has been partly opened up. Finance and services provide the second largest category of direct investment after engineering.

Recent wage moderation—increases this year are expected to keep roughly in line with forecast inflation of 8 per cent—and the weakness of trade unions in a country with more than 20 per cent unemployment have helped the investment atmosphere.

However, Spain is not a uniform collection of success stories. Companies which arrived during the first boom, aiming at the domestic market, today appear in many cases cumbersome and overmanned. Groups like Peugeot have joined Spanish companies in negotiating state aid to enable them to trim workforces. Westinghouse and General Electric of the US have both dropped control of their heavy electrical outposts in Spain after sharp cuts in demand.

Some companies with small Spanish operations may pull out in order to supply Spain directly from other, more economically located production bases in the EEC. A company such as Sony, Spain's first volume producer of video cassette recorders, will have to re-think the rationale of its activity in Spain once the import tariff barriers (being dismantled over seven years) come down.

Some of the biggest problems have arisen with takeovers of existing Spanish companies. General Motors, which is apparently happy with its new Figueras plant, even though it has yet to show profits, got cold feet last autumn about taking over Enasa, Spain's state-owned truck manufacturer.

The government is meanwhile preparing a decree to remove restrictions on foreign investment in most of the sectors—mining, hydrocarbons, refining, insurance, air transport, shipping, local radio stations—where they are still significant.

These restrictions are hangovers from past distrust towards foreign business. After the civil war the Franco regime imposed a blanket limitation of 25 per cent on foreign ownership. In many sectors, equity stakes and repatriation of profits were prohibited. Foreign participations were not allowed until 1969, and then only up to 50 per cent.

Since then, the law has been progressively liberalised. The socialist government removed much of the red tape last year and extended the measures to non-EEC investors. But in some sectors, such as steel, oil and cars, the restrictions and tariffs will only be reduced gradually over the next seven years.

The shortage of large, dynamic Spanish groups has left numerous industries to foreign companies, which exercise a large measure of control in sectors such as chemicals, motor vehicles and components, food and dairy products and office equipment. Multinationals, which not only tend to export more than Spanish companies, but also to import more, equally play a dominant role in Spanish trade. Spain's top non-oil exporters (and they are also some of the biggest importers) are Ford, IBM, General Motors and Renault.

DIANA SMITH

Men and Matters

brought a marketing man's style to the Ford of Europe chairmanship.

Whipple sprang to prominence in the Ford hierarchy in 1984 when he was given the key post of vice-president in charge of corporate strategy.

He joined Ford in 1958 as a financial analyst working his way up to become assistant controller, international in 1974.

For the next few years he was virtually outside the central business of car making as, successively, vice-president of finance for Ford Credit, vice-president in charge of insurance and financing, and president of Ford Credit.

Bearing gifts

Think twice the next time a foreign gentleman offers you film. Otherwise you might land up in the embarrassing position of certain Oxford colleges.

A man calling himself Natori has been wandering around Oxford with the glad tidings that he represents a group of Japanese donors wishing to give £1m to some lucky institution of learning.

Not surprisingly he was first received as an honoured guest by the inhabitants of a number of high tables. But then doubts set in.

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the electricians' union, the EETPU.

Sanderson, best known for his "no strike" deals with Japanese companies in Britain, quickly went off the visitor. He is used to dealing with some very genuine Japanese.

Force under water

If Maigret and Miss Marple were hurrying through the Channel tunnel together on a murder was committed in the next compartment, which of them would be entrusted with solving the case.

The probable answer is that the famous sleuths, from France and Britain, respectively, would call the tunnel police.

Kent police and their colleagues from the Pas de Calais are the most likely candidates to take charge of law enforcement in the tunnel and at the terminals.

Four years before the main construction starts, meetings are being held at various official levels between Britain and France, and between the police of the two nations, to decide how the policing should be handled.

It is unlikely that batons will be handed over between general and police in the tunnel. Clearing half-way under the Channel.

The Home Office says the main concern on both sides is "efficient enforcement procedures".

Digging deep

If the channel tunnel project proceeds anywhere near as smoothly as the privatisation of British Telecom, Ian Ellison, aged 43, a newly-appointed director of merchant bank Robert Fleming will have reason for self-congratulation.

After spending a year seconded from the civil service to work at Fleming he has switched careers to take a permanent post at the bank.

His first corporate finance job is to join with the other British tunnel bank Morgan Grenfell in preparations to raise some £500m equity on the British market. The offer for sale is expected next year.

"Until I walked into the bank I knew nothing about tunnels," admits Ellison. At the Department of Trade and Industry he was responsible for the Telecommunications Bill, and thereafter general policy on the privatisation of British Telecom, and the licensing of Mercury Communications and Racal Vodafone.

Before that he was principal private secretary to Sir Keith Joseph when Sir Keith was Secretary of State for Industry, and worked in the Office of Fair Trading.

The two British banks will be working, alongside foreign financial institutions to raise, altogether, about £1bn equity capital for the tunnel. Clearing banks NatWest and Credit Lyonnais are arranging £1.5bn in loans for the project.

Pampered

A New York travel agent's advertisement: "See the Holy Land you've heard so much about" includes the promise that one will "Follow the steps of the ten disciples by air-conditioned luxury coach."

Observer

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SIR HECTOR LAING

A paternalist goes for his biggest bite

By Tony Jackson

A STORY from the early days of Sir Hector Laing's chairmanship of United Biscuits tells of him on the company jet to Edinburgh, rehearsing his AGM speech to shareholders. "I am pleased to tell you that my company—damn it, I must stop saying that—your company."

Sir Hector, one of Britain's most prominent industrialists, is a paternalist and proud of it. Shareholders, particularly the large institutional variety, do not come high in his scheme of things. They not only buy UB shares, they also sell them. They are not committed to the company.

They are, however, very powerful. Today, UB's £2.4bn bid for the Imperial Group—Britain's largest to date, though matched by Lord Hanson's rival offer—is being put to shareholders for approval at an extraordinary general meeting. If it goes ahead, it will rely heavily on the issue of new equity. At each stage, Sir Hector will need the City behind him.

But he is not entirely happy about the City. As he sees it, balance between management and unions, badly wrong until the recession, is now largely restored. "But I'm not sure the City is in balance yet, and that's the third leg of the stool."

This is partly the familiar complaint of the industrialist to enforce its alleged preference for shareholders. But Sir Hector has another aspect. UB, he clearly feels, may in the strictly legal sense belong to the shareholders; but in a moral sense, the real claim lies with him and those who work for him. The state is paternalist, but it's too far away.

The sense of ownership is a matter of history. The business once belonged to Sir Hector's grandfather, Sir Alexander Grant. The son of a railway porter, Grant went to work for the Edinburgh biscuit firm of McVitie and Price—later to become the main constituent of United Biscuits—and ended up buying it.

Sir Hector's start in the business was correspondingly rapid: his promotion to the board, at the age of 22, came two years before he actually joined the firm. He had gone to the war with the Scots Guards at the age

of 19, after an Edinburgh school education and an abortive year at Cambridge, and it was not until 1947, when he was 24, that he returned to civilian life and his directorship of McVitie and Price.

His subsequent training remains the key to his approach to the business. He spent three years at the company's three factories around the country, and then the next 14 running the one at Harlesden in North West London.

Harlesden is now the biggest biscuit factory in Europe, and according to Sir Hector, a production man to his fingertips—by far the lowest-cost biscuit producer in the world. "That's where I learned my trade," he says. "In those days Harlesden was run as a self-contained business, and I was involved in everything, sales as well as production. I signed every order, and ran it like an old family firm."

Some would say he still does. The private jet, for instance, seems out of place in the post-recession leanness of the UB empire. But Sir Hector reckons to speak to half of his worldwide workforce of 30,000 each year, in groups of 200 or less. That is an annual schedule of at least 75 meetings. "The jet saves me time hanging around airports when I could be talking to people," he says.

He thinks UB is still looked at as a family business, even in the US. Of course, it isn't really, but if you can get that feel plus efficiency, it's an ideal combination. People like to work for family firms. That's paternalism, but I believe in paternalism. The state is paternalist, but it's too far away."

Sir Hector is an admirer of Mrs Thatcher. "The job of government," he says, "is to keep law and order, and to be thought that the state would look after people, but in fact companies can do it better. To my mind, if you have a problem, at home for example, you should feel you can go to the state and say, 'Help me, it's not my cash help, either.'"

This smacks rather of Japanese attitudes, as Sir Hector instantly agrees. "We

have a lot to learn from Japan, just as we have a lot to learn from the army. The further we move away from those two models, the worse for the country."

The army theme recurs. "Too many people came back from the war knowing what leadership meant and then not actually leading. People like to be led, and to see visible leadership. If they don't see it, the troops take control into their own hands. That's what happened in British industry."

The situation, he believes, is now corrected. He played a typically active part. It was he who took out injunctions against the lorry drivers for secondary action in 1970's "winter of discontent," and he had a hand in organising support for the working miners in 1982.

Relations with his own unions are another matter. When he decided to close his Liverpool factory three years ago, with the loss of 1,500 jobs, he at least considered a detailed union plan to save it. The closure was then carefully phased, and is not yet complete.

"The main thing about new technology is getting the time scale right. You need to say to people 'here is the latest technology, but it won't be available for three years, so let's start working towards it now.' If you don't, you have a ghastly business like Wapping, with 5,000 people out of work."

UB in many ways recalls its Scottish origins, particularly in Sir Hector's home town. Such is UB's grip on Edinburgh's baking and catering trade that the visitor may find it difficult to eat without contributing to Sir Hector's turnover.

The AGMs, held in the city's Assembly Rooms, are an odd mixture of get-togethers for his workers—bussed from across the country to attend—and Edinburgh social occasions. Elderly lady shareholders, overcome by Sir Hector's liberality, are to be seen tottering to their limousines in the wealthy suburb of Morningside where Sir Hector himself grew up.

Since the company long since ceased to be based in



Edinburgh, there is plainly an element of sentiment here. Quite right too, says Sir Hector. "I don't want to be part of a business where sentiment doesn't play a role. It's not something to be ashamed of."

Sentiment, however, was presumably not the motive for the world's biggest company, Exxon of the US, when it invited Sir Hector on to its main board two years ago. UB has, in fact, become a true multinational over the past dozen years, the decisive step being the acquisition of the US biscuit company Keebler in 1974.

That was the biggest gamble in Sir Hector's business career to date, and his most spectacular success. The Keebler price was equal to around 60 per cent of UB's market value at the time, and was effectively in loss when it was bought. But the timing was perfect, and since then Keebler has recouped its price many times over.

It is sobering to reflect, though, that Keebler cost just one hundredth of what Sir Hector proposes to pay for Imperial. There is also the question of how long he would be around to direct a much larger merged group. "I won't go on till I'm 80," he says. "Let's say a spread from 60 to 67." Since he will be 63 in May (his rival Lord

Hanson is a year older), that leaves him a maximum of four years for the biggest job of his life.

There is one further discordant note. Sir Hector's view of the world is a moral one, and he is unhesitating about his religion: "Christianity is the basis for everything, including the way I run the business." How then does he feel about owning a tobacco company, and what is his answer to the many protests he has already had?

"I understand that attitude, but it doesn't worry me. It's the industrial logic of the deal that comes first." Himself an ex-smoker—30 little cigars a day—he nevertheless seems uneasy. "I don't think we've got the social tobacco problem, but it's a question of whether the chemistry's there in the body or not."

He tails off, plainly not happy with the argument. But as he says, the industrial logic comes first. He is convinced that UB needs the cash flow of a company like Imperial to carry on competing on a world stage; and if peddling the noxious weed is what it takes to keep the company—a his company—competitive, so be it.

Technological innovation

Why the politicians can't keep their hands off

By David Sawers

THE Western politician has one true love: technology. Not only does he love it with an enduring passion; he truly believes that it cannot survive without his loving care. So politicians of every creed are for ever alert to any argument that could justify subsidies for research and innovation; and, in spite of little local hiccups, the flow of public funds into research and development runs at levels undreamed of 50 years ago.

Economists bear some responsibility for all this subsidy, because they have argued that the commercial incentives to innovate may be inadequate. Professor Kenneth Arrow suggested some 25 years ago that the commercial return on innovation would be much lower than the social return, because the innovator would be able to appropriate only a part of the benefits from his investment. The proportion that he could appropriate would be smaller for major innovations than for minor innovations; and it would be smaller for innovations in general than for other forms of investment. Industry would be argued, therefore, to invest a sub-optimal amount in innovation; and government support for such activities would be justifiable—though he recognised that subsidies were liable to reduce efficiency.

This view has become the economic norm; the only empirical test of its validity, by Professor Edwin Mansfield, suggested that Professor Arrow was right in believing that the difference between social and commercial returns was greater for large innovations than for small ones. The gap is greatest, however, for long-term research that may never produce exploitable results, but which may provide results which are useful to innovators. So the conventional economic arguments for government support are strongest for basic research, and stronger for major than for minor innovations.

These conventional economic arguments understate the commercial incentives to innovate in a competitive market. The return to innovation in such a market is not just the profit on individual projects, which has to be shared with consumers and imitators; it is the difference between a company's

profits with and without innovation, and if competitors are innovating successfully, this may be the difference between profits and losses, if not bankruptcy. The incentive to innovate may therefore be the desire to survive, and a company's existence and profits may be the return to successful innovation.

The stronger is competition in an industry, and the greater are the opportunities provided by technology for innovation, the stronger will be the incentives for a company to innovate because the greater will be the chances of being overtaken. Where competition in industry is strong, as in Japan and the US, innovation seems to proceed faster than where it is weak, as in Europe.

European politicians react to this situation by showing greater enthusiasm for subsidies for innovation than do their American and Japanese counterparts, though the analysis suggests that promoting competition would be a more logical policy. That, however, would prevent the politician helping his love. Supporting basic research is not enough to

but which offer good commercial benefits. Firms seeking aid therefore have to argue that their project is potentially a good commercial prospect, but that the risks would prevent them undertaking it without government help.

The result has been revealed in the Policy Studies Institute's recent review of the DTI's Microelectronics Applications Programme. Its analysis of the projects accepted and rejected for support under this programme suggested that the projects supported were better commercially than the projects rejected by the DTI, but still undertaken by the applicants with their own money; evidence which implies that the projects supported would mostly have been undertaken with the companies' own money if aid had not been provided, even though the criteria required the firms to prove the opposite.

The PSI considered that these criteria were delaying the introduction of desirable innovations, and should therefore be dropped: support would then be given to any commercially attractive innovations in areas which the DTI thought desirable. Such a policy would hardly promote innovations which were socially desirable but commercially unattractive, as the economic orthodoxy recommends; it would simply make innovation more profitable for the favoured firms. They might then innovate more; but the main beneficiaries would be their shareholders and employees.

The welfare of the community will only be increased if a subsidy leads to activity that would not otherwise have happened, and which produces a good social return on the resources it employs.

If human beings were wiser than they are, they might be able to identify projects which would produce an adequate commercial return yet an adequate social return; but until this millennium is attained, governments will benefit their communities by abjuring support for such projects. Politicians may be reluctant to accept such denial of their desire to give visible support to their much-loved technology, but their desires unhelpfully conflict with economic rationality.

Supporting basic research is not enough to provide fulfilment

provide fulfilment: solid, loveable products are required, and so some lucky firms find their innovations supported.

Choosing the innovations to support provides some problems for politicians and their advisers. They should, ideally, be supporting activities which would produce an adequate commercial return but an inadequate commercial return; but no human power can consistently identify such projects *ex ante*, especially when the commercial return will be the difference between the company's profits with and without the innovation.

The British Government's solution to this dilemma has been to devise criteria which are intended to select projects which would not have been undertaken without a subsidy, or would have been undertaken more slowly or on a smaller scale; which involve high risks;

General Motors and Leyland

From Mr M. Eastoe

Sir,—I am an English citizen living in the United States and for many years previously worked for General Motors Company and British Leyland (including Land Rover) in senior management positions, so I am fascinated by the events taking place in England right now regarding the purchase of parts of British Leyland.

I can quite understand the British Government's dilemma in choosing a purchaser, particularly for Land Rover, which is as British as Cornish & Spencer, but based on my previous experience and regardless of the political consequences, there can only be one choice to purchase Land Rover and that is General Motors.

The Land Rover company provides a good basis for a successful worldwide 4 x 4 manufacturer, but that is all. Currently it lacks the money, management expertise and distributor/dealer network to be anything but a small marginally profitable company with a declining market share. Vast amounts of money will be necessary to update the Land Rover and Range Rover model ranges to even bring them close to the already existing and rapidly improving Japanese and American four wheel drive vehicles in terms of sophistication, style and showroom appeal. Highly paid designers and engineers, with experience of world markets and operating in a major multinational company environment will be necessary to initiate such a programme.

Production capacity, particularly for the Range Rover, must be increased and Land Rover's manufacturing techniques, which relate more to a Meccano set than building large numbers of automobiles efficiently, must be improved and brought up-to-date. This all adds up to a huge initial investment which will not bring an immediate return. All of these resources would be extremely difficult to find within any British company, notwithstanding the fact that any new investors would have to wait years for any adequate return. Land Rover to survive, therefore, must be sold to a motor industry giant, not to asset strippers or its previous management, who have not shown any great talent for manufacturing and selling Land Rovers profitably in the past. The only option is to sell it to General Motors, which has all the resources necessary in abundance and in addition, offers very significant advantages.

It actually wants to buy the loss making Leyland vehicles

Letters to the Editor

they may declare. General Motors has a very well developed, ready made worldwide distribution network, including commercial vehicle and top-of-the-line luxury car dealers, into which Land Rover would fit perfectly. It is the biggest and most successful vehicle manufacturer in the United States (a market that Land Rover says it wants to enter).

I believe the sale of Land Rover/Leyland to General Motors would mean more jobs and more prospects in the Midlands and north west of England, not less. It would also ensure the continuation of Land Rover in particular as an important four wheel drive manufacturer worldwide. None of the other bidders can offer this and all of them, I believe, must inevitably come to the conclusion that Leyland Vehicles in particular, is not viable and, therefore, must be shut down—so General Motors remains the only possibility, however politically difficult. After all, what really matters is the survival of Land Rover/Leyland and all its jobs, not who owns it.

Mike G. Eastoe,
501 North Tuttle Avenue,
Sarasota,
Florida 35777, USA.

As seen on TV

From Mr J. Mosley
Sir,—It really is time that Christopher Dunkley (March 12) understood that it is the public's perception of what should be screened on TV, and when, that must take precedence over that of the programme maker.

As regards the withdrawn programme on AIDS and homosexuality, the maker acknowledges that he is making good an alleged omission on the part of the authorities to tell gay men how to make their sex lives safe. To go on to say that everyone needs to be informed that subject, however, is to imply that everyone is at risk from AIDS by reason of a lack of knowledge of safe homosexual practices. Clearly, this is utter nonsense. Safe homosexual practices are patently a matter of minority interest which—even in these enlightened days—is quite wrong to publicise through the medium of home TV.

As for incest, the reasons for the decision, while differing from those which led to the withdrawal of AIDS and homosexuality, are equally valid.

Children fantasise about many programmes such as The

A Team. They are however, also notorious imitators—fornication and all that—and therefore the point of a serious programme about incest may, at best, be lost on them. At worst, have the opposite effect of that intended. Furthermore, a child, even with the necessary knowledge, is not best placed to avoid or prevent incest. It is surely far more sensible and important for adults to be able to recognise and react to the existence of or tendency towards incest in their own or someone else's family. This is somewhat akin to the problem of hard drugs, except that incest victims are frequently too young or too helpless to respond to a direct appeal.

Thus the decision to screen the programme late at night is eminently sensible and justified, as it is at that time that those with the greatest need to know are most likely to see it.

Not only is there no basis for criticism of either of the decisions of which he complains, but Christopher Dunkley crosses the line of "fair comment" when he suggests that together they prove that public discussion of the subjects is being actively suppressed. While controversy is to be encouraged, it must be supported by credible arguments. By descending to vituperation—the last resort of one who lacks cogent argument—Mr Dunkley appears to have rendered himself unfit to take part in any debate on a matter of "public" interest. He would therefore do well, for the future, to resist the urge to see minority issues as matters of great moment.

J. K. Mosley,
17 Kibworth Close,
Whitefield, Manchester.

No helping hand

From the Manager,
Giant Games

Sir,—My experience has indicated a way the Government can reduce unemployment. We wanted a new clerical worker and approached the Jobcentres. They were unhelpful and they were only concerned with the job from the employee's point of view. Their phones were often engaged, they closed early, and generally were not marketing their services or those of the unemployed effectively. In the end we decided not to use them and have trouble and expense finding suitable staff.

Why not make the Jobcentres effective marketing agents for the unemployed? Jobcentres

could write or phone all local firms regularly, say twice a year, offering their services for recruitment. If they were half as effective as other high street labour agencies they would have a much more energetic approach to employers. Why, for instance, aren't they open all day Saturday, and why don't they have a mailing list of employers?

This won't eradicate unemployment but it would help. We might have had one more unemployed now if the Jobcentres had actively marketed one individual's labour.

Angus Hanton,
16, Dalberg Road, SW2.

High interest rates

From Mr B. Strand

Sir,—Lord Jellicoe, chairman of the British Overseas Bank, Board warns (March 13) that Britain suffers an underlying weakness because labour costs were increasing at a faster rate than in competing industrial nations.

He should be aware that a more serious matter is the fact that interest rates upon finance for working capital has been allowed by the U.K. Government to run at 6 per cent above the rates in Japan, West Germany and Switzerland for at least 3 years.

This is further compounded by the decision of Department of Trade and Industry to cancel the bank guarantee scheme that provided support to small exporters. Our bank's alternative will cost my company £12,000 in extra fees and interest, thus loading the exporting manufacturer with extra costs and favouring further the UK banking sector. To cover this additional cost we will need to increase our exports by 7½ per cent.

Yet another own goal by the DTI in this year of industry!

B. Strand,
Thomas Mercer Ltd,
Eywood Road,
St Albans, Herts

A premier card

From the Chief Executive,
Barclaycard

Sir,—The otherwise excellent article on the usefulness of credit cards for businessmen travelling abroad (Business Travel Survey, March 12) may have confused readers impressed by the exhaustive list of uses attributed to the "Visa Premium" card.

Anyone applying for such a card would be disappointed—as no such card exists. The card referred to is in fact the Barclays Premier Card, which performs all the many services for business travellers listed in the article, is accepted at 4.7m Visa outlets worldwide.

Peter Ellwood,
94, Lombard St, EC3.

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INTERNATIONAL FINANCIAL SERVICES

LEADING DELEGATES CALL FOR FURTHER ASSESSMENT OF LIKELY DEMAND

Opec deadlocked on output curbs

BY RICHARD JOHNS IN GENEVA

OPEC yesterday made no visible movement towards breaking the deadlock within the organisation over whether to resume efforts at restraining oil output in a bid to raise prices.

Several participants acknowledged that the decision of chief delegates to ask a committee of experts to reassess supply and demand in 1986 was a device to allow more time to appraise the chances of a compromise.

Saudi Arabia and Kuwait are understood to be still committed to the view that Opec can achieve nothing without the collaboration of non-member producers, including the UK and Norway. But they feel they need to discuss seriously the question of production restraint.

After a morning session - confined to chief delegates - on the second day of the Opec ministerial conference in Geneva, the meeting broke up for bilateral consultations among ministers. It will resume formally today to review the market assessment.

At the start of the conference, ministers had before them the assessment of Opec's market monitor-

ing committee, which appeared to make another rapid study of market prospects unnecessary. The committee had estimated average demand for member states' oil at about 16.3m barrels a day (b/d) compared with the ceiling of 16m b/d agreed in 1984. That level is still formally in force, although it was effectively abandoned by the conference decision in December to concentrate on the recovery of global market share for the group.

Mr Arturo Hernandez Grisanti, Venezuelan Minister of Energy, who is currently president of Opec, said at the lunch-time break that "no concrete proposals" and "no specific ceiling" on output had been discussed.

That showed the tentative nature of the exchanges between the group of Arab producers of the Gulf, led by Saudi Arabia, which is bent on forcing non-members into collaboration, and those calling for a return to production restraint, composed of Algeria, Iran and Libya, with apparent backing now of Nigeria.

Sheikh Ahmed Zaki Yamani, Saudi Minister of Petroleum, is understood to have assured chief del-

egates of Algeria, Iran and Libya that Saudi Arabia would be prepared to curb its output (currently running at the full entitlement conceded by other members under the old pact) if other Opec producers observed their commitments and non-members collaborated.

One big question mark over the Kingdom's strategy remains its attitude towards the involvement of North Sea producers in a global effort to support the market and revive revenue, as a condition for ending the "price war".

Another related issue is how long Saudi Arabia thinks it necessary to convince - in effect by punishment - other members about the need for Opec discipline after nearly four years of efforts to observe agreed production quotas and official selling rates. Those efforts broke down last December with the decision to compete for recovery of market share.

The 13 members have scheduled talks for tomorrow with five other important net exporters - Mexico, Egypt, Oman, Malaysia and Brunei. Some delegates feel their collaboration would be enough to stop the rot but appreciate also that the friendly

producers joining them in Geneva will need to be convinced about Opec's resolve and capacity for self-discipline.

At a press conference, Mr Abdul-Hamid Khandil, Egypt's Minister of Oil, indicated his country's willingness to collaborate but also its desperation as a result of surplus supply and the collapse of oil prices.

He said that Egypt's production was down to 700,000 b/d, but the latest edition of the well informed Middle East Economic Survey reports that that has been running at 500,000 b/d over the past two months. With domestic consumption at 450,000 b/d, that would leave a relatively small margin for export.

Mr Khandil expressed doubts as to whether the oil price could be raised to much above \$20 a barrel by the end of the year, and indicated that Egypt's co-operation with Opec would depend on the proposals made to non-members.

On that point, it is understood that Opec is unlikely to reveal any agreement it might reach before discussions with the five non-member producers.

Ferruzzi's bankers buy 9% stake in Berisford

By Lionel Barber in London

BARCLAYS Merchant Bank of the UK acting on behalf of Ferruzzi, the Italian food and agricultural group, yesterday bought a 9 per cent stake in S & W Berisford in a move seen as a prelude to a full bid by Ferruzzi for the British commodity trading and sugar group.

Berisford is believed to have paid 22 1/2p per share for its stake in Berisford which values the whole group at around £430m (£620m). Berisford shares closed at 22 1/2p, up 2 1/2p on the day.

The entry of Barclays follows protracted discussions between Ferruzzi, which controls Europe's biggest sugar conglomerate, and Berisford, whose principal attraction for the Italians is its subsidiary, British Sugar Corporation, the UK sugar beet monopoly.

These discussions were aimed at allowing the Italians to separate British Sugar from Berisford at an agreed price of around £240m, and then allowing Mr Ebrahim Margulies, Berisford's chairman, to launch a leveraged buy-out for the rest of the business, at a value of around £140m.

Last weekend, however, these complex discussions reached an impasse. A further reason for Barclays buying the Berisford stake was the rapid accumulation of Berisford shares by Hilldown Holdings, the acquisitive UK food manufacturer which holds 19.6 per cent of Berisford.

Mr John Standen, of Barclays Merchant Bank, said last night that the share buying yesterday was designed to protect the position of the bank's client. "What we originally thought was going to be a one act play has turned out to have several acts. The cleanest way out is to have a bid."

However, before Ferruzzi can launch a bid, it needs to obtain the approval of certain Italian authorities. It is understood that this is the reason for Barclays Merchant Bank making the initial share purchases.

Ferruzzi, Italy's third largest private sector company by turnover (£8.28m annually), last week announced plans to raise £700m (£450m) by means of share and bond issues for its quoted subsidiaries, Agricola (agriculture) and Silos (transport and service). Though these subsidiaries are quoted on the Milan bourse, the family-held group has never published a consolidated balance sheet.

The acquisition of British Sugar by Ferruzzi would give the Italian group a total EEC production quota of 2.74m tonnes a year, or 22.5 per cent of the total European quota.

Mexicans plan to stimulate non-oil exports

Continued from Page 1

The Government has also announced the deregulation of air, sea and land transport to reduce freight costs.

The authorities repeated their commitment to maintain a "competitive" exchange rate since November, the controlled rate has depreciated 8 per cent a month through the daily fixing mechanism.

Implicit in the package is the assumption that credit-starved manufacturers may turn their sights towards foreign markets, if only to obtain access to the credit and other privileges. With the Government currently monopolising 93.2 per cent of all the resources in the nationalised banking system, there is virtually no other private sector credit available.

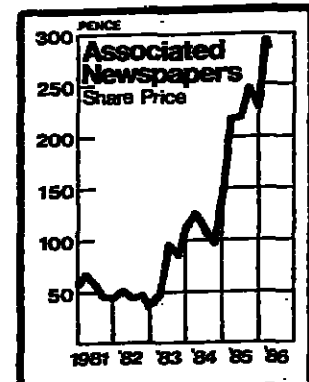
Mexico's trade surplus fell 25 per cent last year to \$8.4bn, partly as a result of falling oil revenues but also because of a premature expansion of the economy.

He said that in view of the capital repayments standstill on \$14bn of the country's \$24bn foreign debt last September "no provision is made to take up new foreign loans in 1986/7".

Mr du Plessis said spending on defence would rise to 13.7 per cent of the total or by \$240m to \$5.12bn. Spending on education, at \$6.08bn, remains the largest single item of expenditure. It shows a 19.3 per cent increase of \$1.04bn.

THE LEX COLUMN

Double or quits for Opec



on the absence of equity, both Fleet Street and the City of London have taken the point. Associated appears to be raising the absolute minimum of equity to comfort the banks financing the move, and the absolute maximum for a family trust fearful of dilution.

With little debt other than project finance on its books, Associated's share price rose strongly last year on notions of a juicy break-up value. This was implausible given the trust's blocking stake. But Associated is still sitting on realisable assets in the form of its Reuters stake, Eurromoney (which could be floated on a comfortable multiple) and the soon redundant properties off Fleet Street. But now that News International has let the cat out of the bag on the profitability of national titles last year, Associated can probably get by on the cash flow from its national newspapers and meet even Fleet Street redundancy payments without burning equity.

But applying that more expensive capital to riskier businesses such as market-making and equity bought deals could dent Morgan's profit record. Taking large equity positions on more than one client's behalf is a quick way to find out.

Morgan Grenfell

In the rough, tough world of post-Big Bang banking, the theory goes, there will be places for small specialists and large generalists but not for the in-betweens. Morgan Grenfell's answer is to try to join the big league of international banks and to do that it needs more capital, as it admitted when it joined merger discussions with Exco.

Unless that deal can be revived following the vote by foreign exchange and currency deposit brokers yesterday to abandon the O'Brien rules, which prevent a bank and a money broker combining, the bank must look elsewhere.

Barring a tie-up with another cash-rich, but conflict-free, partner, Morgan is looking to its shareholders for money, shunning an approach to strangers through the stock market. Pre-tax profits, after transfers to inner reserves, up 40 per cent last year to £54.5m, compound growth of earnings per share and dividends over five years of 28 and 30 per cent, are just the sort of noises that should encourage the bank's select group of investors to put up more cash.

They could throw in another £100m, on the basis that Morgan would be capitalised at £400m or so if it were listed, and it is nearly two years since the last rights issue. By piling on loan capital, too, a mere £57.4m at the end of 1985, Morgan could take its capital base up from £270m to £350m plus.

The snag is that while shareholders' money is cheap, loans are not.

British Airways

If the Government really does issue a prospectus for British Airways this year, it will have to be a remarkable document. The week-end bickerings may have succeeded in bounding the cabinet (appalled by the feat, if such it was, at a management buy-out). But they have done nothing to improve the airline's corporate image. Assuming that such minor problems as Bermuda Two and contingent liabilities on Laker-inspired class actions can be overcome, it remains to shape a balance sheet that takes account of the probable need for a new fleet of long-haul jets. And the policy of belt-tightening to produce a healthy profit trend ahead of flotation will come under increasing strain - from staff pressure for bumper wage increases, if nothing else - the longer that flotation is delayed.

Associated

For a group that plans the Great Leap Eastwards, Associated Newspapers is not exactly leaning on its shareholders: given the £150m or more to be spent on moving to London's Docklands, yesterday's 1-for-10 rights issue to raise just under £30m is modesty itself. If the Daily Telegraph's fund-raising foundered

France

Much of the Paris Bourse's recent strength must have been due to the expectation of a heavy right-wing victory at the assembly elections. The important question - how much of that strength - will probably not be answered with any clarity until after President Mitterrand appoints a new prime minister. Yesterday's trading was agonistically thin; after a morning session of pessimism and largely foreign selling, the market reverted to approximately the level of last Friday morning.

It can be argued that the absence of a decisive move to the right will be helpful to the secondary market, since it is likely to result in a more moderate flow of privatisation issues. The main question of financial policy, whether to devalue the franc within the EMS, will moreover have to wait upon the formation of a government. So there is no immediate reason, other than pique or the unwinding of pre-election political gambles, why the market should do anything other than circle at about its current level. Aggressive funds will certainly be looking for a chance to pick up stock if the market falls. Most likely, the lack of a landslide will be taken internationally as an assurance of business as usual.

Denmark may back down on tax plan

By Hilary Barnes in Copenhagen

DENMARK'S minority Government may have to drop a proposed increase in value added tax (VAT) and a planned reduction in the weight tax on cars and to accept instead alternative measures put forward by the opposition.

The non-socialist coalition unveiled the two tax measures on Friday as part of a DKR 11bn (£1.3bn) package intended to halt the recent deterioration in the country's current account deficit.

Trade unionists protested yesterday against the so-called "Easter parcel" of tax increases. Strikes chiefly affected schools and day-care centres, and about 50,000 people attended a demonstration organised by public sector unions outside the parliament building.

The Radical Party, which holds the balance between left and right in the Folketing and on which the Government relies for its majority, has rejected the increase in the VAT rate from 22 per cent to 23 per cent, as well as the reduced weight tax.

The Radicals, however, are in basic agreement with the Government on the need for fiscal measures and a compromise is therefore expected.

The Easter parcel includes increases in energy taxes worth DKR 6.1bn, neutralising this year's fall in oil prices, as well as increases in excise taxes on alcoholic beverages, tobacco goods and a variety of household goods such as video recorders, television sets and refrigerators. The tax on charter holidays also goes up.

The Government estimates that the DKR 11bn increase in taxes, about 2 per cent of GDP, is broadly in line with the increase in domestic demand which would otherwise arise from falling energy prices and the depreciation of the dollar.

Denmark's current balance of payments deficit rose to a record DKR 28bn last year, taking net foreign debt to about DKR 245bn, or just over 37 per cent of GDP.

The rapid expansion of domestic demand since Mr Poul Schluter took office as Prime Minister in the autumn of 1982 has created about 150,000 new jobs and reduced unemployment from a peak of about 283,000 in 1983 to about 230,000 last year, but these achievements were accompanied by an increase in the current account deficit from DKR 11bn in 1983 to last year's DKR 28bn.

GEC will sell 49% of Osram lighting group to Siemens unit

BY JASON CRISP IN LONDON

THE GENERAL Electric Company (GEC), the British electricals and electronics group, has agreed in principle to sell 49 per cent of Osram (GEC), its lamp and lighting subsidiary, to Osram GmbH a subsidiary of Siemens of West Germany.

The move, which was widely expected within the industry, gives the GEC subsidiary access to products and technology from the much larger Osram GmbH.

Osram (GEC) has sales of about \$37.5m a year, mostly in the UK. Osram GmbH is the fourth largest lamp manufacturer in the world with sales last year of DM 1.2bn (£530.5m).

A joint company, Osram-GEC, which GEC says will "benefit from access to the research and develop-

ment, production technology and international selling organisations of its parent companies," will be formed. However, competitors expect GEC to eventually sell the remaining 51 per cent.

Osram (GEC) has several joint ventures in other countries with rivals in the lighting business such as Philips and Thorn Lighting which could be jeopardised if ownership were to pass from GEC at this stage.

GEC would not say yesterday how much it will receive for the sale or why it had not sold all of the subsidiary to Siemens.

Osram (GEC) employs about 2,500 people with plants in Wembley in north west London, Manchester, and Birmingham in the Midlands. Mr Patrick Sansom, ma-

naging director, said there were no plans for rationalisation as a result of the deal.

The British company has the Osram trade mark in the UK and a number of countries, mostly former colonies. Osram GmbH does sell in the UK but under the name Wotan. Thorn Lighting, part of Thorn EMI, is the largest manufacturer of lamps and light fittings in the UK and employs 10,000 worldwide.

Philips, the Dutch electricals group, is the world's largest supplier of lighting equipment with sales of about \$3.5bn.

However, margins in the lighting business have been slim, particularly in the domestic area where there is little differentiation between brands and growing competition from the Far East and the Eastern bloc.

Hanson boosts Imperial hold

BY MARTIN DICKSON IN LONDON

HANSON TRUST, the aggressive UK industrial conglomerate, yesterday significantly strengthened its hand in the £2.4bn (£348bn) takeover battle for Imperial Group, the British tobacco-brewing business, when it announced that it now spoke for 21 per cent of Imperial's shares.

It said its increased and final offer had been accepted by the holders of 12 per cent of Imperial's shares by last Friday, the first closing date. It has also built up a 9 per cent stake with market purchases.

The level of acceptances was much higher than had been widely expected because a rival and recommended bid for Imperial from United Biscuits is still at an early stage of the takeover timetable. In such circumstances it is unusual for an offer to attract substantial support by its first closing date.

Stockbroker charged in Belgium

MR MARC STAMPAERT, a Belgian stockbroker, has been charged with alleged forgery and "abuse of confidence" in connection with a recently discovered fraud at a Belgian mutual fund, a spokesman for the Brussels prosecutor said yesterday, AP-DJ reports from Brussels.

Mr Stampart, a partner in Brussels stockbroker M Stampart, will appear before a judge at the end of the week. He was arrested on Sunday.

The charges against Mr Stampart are linked to an alleged fraud that was discovered recently at a

Belgian mutual fund, Interselx Belg. Mr Stampart, allegedly in liaison with an employee of the fund, is charged with having made a market on the basis of fictitious share orders on behalf of the fund.

The two allegedly were placing orders for the shares on the Belgian stock exchange, selling them at a later date and making a profit with the difference. The fund lost BFR 185m (nearly \$5m) as a result, according to SA Interselx, the manager of the fund.

Belgium's biggest bank, Generale de Banque, which has a stake of 90 per cent in SA Interselx, said that it had entirely covered the loss.

Interselx Belg. Fund was formed after the adoption of Belgian legislation giving tax breaks to individuals buying stock. The law, which expired at the end of 1983, allowed individuals to purchase stock through special mutual funds. Interselx Belg. Fund has assets of about BFR 20bn.

The Brussels stock exchange yesterday suspended all the activities of M Stampart at the bourse.

Hanson has extended its offer until next Monday, March 24.

Shareholders in United will vote today at an extraordinary general meeting on whether to give the board the go-ahead to acquire Imperial, a company more than twice United's size.

United's offer which has not been declared final - reaches its first closing date this Friday.

Shares in Hanson closed last night at 179p - down 2p on the day - giving its shares and convertible stock offer a value of 367p for each Imperial share, while its shares and cash offer is worth 332p.

United's offer of shares, cash and convertible preferred shares is worth about 334p on the basis of United's closing price of 239p; down 1p. Imperial shares closed at 333p, up 1p.

Pretoria aims for cautious growth

Continued from Page 1

budget will remain in force for the current fiscal year while the tax rate on non-mining company profits remains unchanged at 50 per cent.

The 10 per cent import surcharge on items not subject to Gatt rules imposed last September also remains in force, except on books, although the 125 per cent excise duty on imported fully assembled cars is reduced to 100 per cent.

The Minister also announced that levies to be imposed on businesses following the introduction of regional service councils later this year would be 0.1 per cent of turnover, while services would pay 0.25 per cent of the total payroll.

Mr du Plessis said taxes paid by gold mines in the 1985/8 financial

year rose to a record R3.05bn, way above the R2.44bn budgeted following the effect of rand depreciation on profits.

With the strengthening of the rand, however, this year's tax take from the gold mines was expected to fall 7.7 per cent to R2.82bn, he added.

Between December 18 and March 14 the rand appreciated by 29.9 per cent against a basket of currencies and by 38.1 per cent against the dollar.

Mr du Plessis also announced a 5 per cent across-the-board cut on net normal personal tax and a reduction in the maximum marginal rate to 47.5 per cent from 53.5 per cent together with concessions for work-

ing wives. To encourage savings he doubled the tax-free interest income concession to R500, but rejected calls from the insurance industry for special concessions on pension and annuity funds or life insurance premiums.

He said that in view of the capital repayments standstill on \$14bn of the country's \$24bn foreign debt last September "no provision is made to take up new foreign loans in 1986/7".

Mr du Plessis said spending on defence would rise to 13.7 per cent of the total or by \$240m to \$5.12bn. Spending on education, at \$6.08bn, remains the largest single item of expenditure. It shows a 19.3 per cent increase of \$1.04bn.

World Weather

Area	°C	°F	Area	°C	°F	Area	°C	°F	Area	°C	°F
Algeria	15	59	London	10	50	Madrid	15	59	San Francisco	14	57
Amman	22	72	Lyons	9	48	Moscow	10	50	Seattle	10	50
Antwerp	10	50	Paris	13	55	New York	15	59	Singapore	31	88
Bahia	25	77	Frankfurt	12	54	Osaka	14	57	Stockholm	14	57
Bombay	29	84	Geneva	10	50	San Jose	15	59	Tokyo	15	59
Buenos Aires	14	57	Brussels	11	52	Sao Paulo	18	64	Winnipeg	15	59
Calcutta	21	70	Cairo	16	61	Taipei	18	64	Zurich	14	57
Cardiff	9	48	Chengdu	10	50	Ulaanbaatar	10	50			
Cebu	28	82	Hong Kong	17	63	Yokohama	15	59			
Dhaka	28	82	London	10	50						
Hankow	15	59	Los Angeles	14	57						
Hanoi	22	72	Manila	28	82						
Havana	22	72	Medan	28	82						
Harbin	10	50	Perth	18	64						
Helsinki	10	50	Port of Spain	28	82						
Hong Kong	17	63	San Francisco	14	57						
Indraprastha	28	82	Seattle	10	50						
Jakarta	28	82	Stockholm	14	57						
Johannesburg	15	59	Tokyo	15	59						
Kuala Lumpur	28	82	Ulaanbaatar	10	50						
Lahore	22	72	Winnipeg	15	59						
London	10	50	Zurich	14	57						
Los Angeles	14	57									
Luanda	28	82									
Luoyang	15	59									
Madras	28	82									
Manila	28	82									
Medan	28	82									

 Readings at mid-day yesterday.
 C-Century D-Degree F-Fahrenheit P-Precipitation H-Hail S-Snow SS-Sleet SS-Snow T-Thunder

Heathrow
60 mins*
Gatwick
80 mins*

M27
A5 (M)
M5

London 60 mins*

Southampton
Portsmouth

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Tuesday March 18 1986

Battle intensifies for Baldwin-United assets

BY WILLIAM HALL IN NEW YORK

KAUFMAN & BROAD, the Los Angeles-based financial services group, has offered to take over the 54th anniversary business of Baldwin-United, the failed insurer. It says that under its plan Baldwin policyholders could receive close to \$1bn more than under a rival plan proposed by Metropolitan Life, the second biggest US insurance company.

Kaufman & Broad's life insurance subsidiary, Sun Life Group of America, says that its plan would guarantee that Baldwin-United's 165,000 policyholders would receive on average at least an 8 per cent return on their investment from the beginning of the rehabilitation period.

In addition, Sun Life will offer annuity holders the right to exchange their existing Baldwin-

United policies for new policies which would guarantee them an average minimum 11.8 per cent return from the date of exchange to the end of the rehabilitation period, and 9.1 per cent thereafter to October 31, 1990.

Mr Eli Broad, chairman of Sun Life, said: "We believe that Baldwin-United policyholders have already suffered enough and our goal is to assure that their interests are safeguarded. For this reason we are offering very good rates, but we have contracted that we will invest only in US Government or high-quality corporate securities and that Kaufman & Broad's full capital resources stand behind the transaction."

Mr Broad, who is also chief executive of Kaufman & Broad, said

that the Metropolitan Life and Sun Life proposals should "be judged solely on which provides the highest possible benefits to policyholders, given the parameters of safety and security." Sun Life's proposal "unquestionably meets these objectives," he said.

"Metropolitan Life spends a great deal of time in their proposal talking about their participation on behalf of the insurance industry in phase one of the overall enhancement effort."

"While we commend their role as an industry spokesman in this phase, we fail to see why Baldwin-United policyholders should now have to sacrifice as much as \$975m of additional benefits from Sun in order to pay for Metropolitan's participation in phase one," Mr Broad said.

Crédit du Nord trebles earnings

By David Marsh in Paris

CRÉDIT du Nord, the French retail bank, trebled net consolidated profits to an overall FF9.5m (\$1.3m) last year from FF3.1m in 1984.

The parent company's share in group profits was FF8.7m against FF2.8m the previous year. Net profits of the parent bank rose to FF7.2m from FF2.3m. Leaving aside long-term capital gains, last year's profit came to FF3.7m (FF2.9m in 1984). Operating profits before provisions and depreciation rose 32 per cent to FF7.5m. Provisions rose 37.9 per cent to FF372m.

The improvement in profits comes after considerable efforts made by the bank since nationalisation to increase its share of the retail banking market and restructure the Riboulleau property development company in which it took a 50 per cent stake - since increased to full ownership.

Exposure to losses at Riboulleau drove Crédit du Nord into deficit in 1982. The bank has also recently declared that it will need to cut its present workforce of 9,500 by more than 300 in order to adapt to higher productivity.

Mr David Dauterme, who chaired Crédit du Nord after its nationalisation in February 1982 until he quit in January this year to become a partner in Lazard Freres, had already taken steps to cut the workforce. The new planned round of staff cuts has been viewed in France as a test case, preparing the ground for job cuts in other big French banks, which are relatively overmanned by international standards.

However, Mr Bruno de Maulde, the new chairman, said last month that no redundancies would be made.

Mr Dauterme, who had been in charge of the bank since its nationalisation, said last month that no redundancies would be made.

Hypo Bank in DM 400m rights issue

By John Davies in Frankfurt

BAYERISCHE Hypotheken- und Wechsel-Bank (Bayerische Hypo), the Bavarian bank, is raising DM 400m (\$177m) in cash through a one-for-10 rights issue.

The new shares, which will qualify for a full 1986 dividend, are being offered for DM 330 each. Bayerische Hypo's shares have been trading on the stock market lately at more than DM 600.

Bayerische Hypo also said yesterday that it proposed to pay a dividend of DM 12.50 a share on last year's results. This will match the combined payout on its 1984 results, consisting of a DM 10 a share dividend and a DM 2.50 bonus to mark the bank's 150th anniversary last year.

Shares issued in a capital increase last May will receive the full 1985 dividend.

Bayerische Vereinsbank, one of Bayerische Hypo's traditional local rivals, yesterday announced a higher dividend of DM 12.50 a share on last year's earnings, compared with a DM 11 dividend for 1984. The full year's dividend applies to shares issued in a capital increase last July.

The Bayerische Vereinsbank lifted group assets 6.6 per cent last year to DM 132.4bn, while Hypo group assets were up 7 per cent to DM 112.6bn.

FRENCH CAR GROUP EXPECTED TO BREAK EVEN AFTER 11 YEARS OF LOSSES

Citroën about to turn the corner

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

CITROËN, the French car producer which has sustained losses nearly every year since it was taken over by the Peugeot group in 1974, will at last break even in 1986, according to Mr Xavier Karcher, director general of Automobiles Citroën.

He says Citroën's sales rose by 15 per cent last year to FF3.24bn (\$4.8bn) from the 1984 level and that its loss was more than halved to around FF500m.

The company continued to invest heavily in 1985, Mr Karcher reports - spending FF3.8bn, of which FF2.6bn went on buildings and machinery.

The investment budget this year will be FF1.8bn more than in 1985 because the Peugeot group has decided Citroën should have its own

full range of models and also play its own international role.

Mr Karcher says it has been decided in principle that Citroën will enter the US car market with models to compete in the fast-growing European luxury import sector, currently dominated by the West German companies.

But Citroën will have to wait until it has a suitable new model. The mid-sized BX model was designed to meet North American safety and anti-pollution standards but is not suitable for the US because of its shape: it is a five-door hatchback and Americans consider hatchbacks to be downmarket cars.

Mr Karcher will not be drawn about future model programmes but industry observers suggest the first Citroën car to enter the US lux-

ury sector will be the replacement for the top-of-the-range CX, due in late 1988 or in 1989.

It has yet to be decided whether Citroën should set up its own dealer network in the US or share the Peugeot network.

Citroën continues to aim for productivity improvements of between 6 and 7 per cent annually and, as part of this process, it cut 6,000 jobs in 1984 and another 1,300 last year.

Two small facilities - a foundry at Clichy, near Paris, and the GS engine factory at Nanterre - were closed on December 31. This involved the loss of about 800 shop-floor jobs, mainly among guest workers who are being encouraged by Citroën to return home, and 450 staff jobs.

Mr Karcher says that Citroën will decide if further jobs must go at the end of this year by which time it will have a better idea about the way the BX car and the Visa C15 van have held up to new competition from state-owned Renault in the shape of the Renault R21 saloon and the van based on the R5.

The BX accounts for about 50 per cent of Citroën's vehicle output and the Visa van a further 25 per cent. Mr Karcher says he welcomes the arrival of the R21 - "it will motivate our sales force to obtain better results. Competition always leads to progress."

He predicts that, instead of damaging BX sales in France, the R21 and BX between them will push back imports from their domestic market.

Los Angeles group in rival \$364m offer for Warnaco

BY WILLIAM HALL IN NEW YORK

WARNACO, the US clothing manufacturer seeking shareholder approval for a management buyout, has attracted a rival \$364m cash bid from a group of Los Angeles investors.

W Acquisition Corporation (WAC) announced it was offering \$36 a share in cash for Warnaco, based in Bridgeport, Connecticut. The offer compares with a management offer of \$27 a share in cash and \$13 principal amount of junior subordinated discount debentures. Warnaco shares jumped \$2 to \$38 1/2 in early trading yesterday.

WAC was formed by a group of investors with "extensive management experience," headed by Mr

Andrew G. Galef, a principal of the Spectrum group, a Los Angeles-based investment firm.

WAC will be capitalised at \$500m by equity and debt securities placed privately through Drexel Burnham Lambert, the New York investment bank which says it is "highly confident" it can arrange the financing.

Mr Galef said his proposal was superior to the pending leveraged buyout proposal by Warnaco management. He said his offer was all in cash but the management offer was only part cash and included debt securities that did not call for interest payments until the sixth year.

"Under these circumstances, WAC believes the directors of

Warnaco, having already decided that it is in the best interests of Warnaco's shareholders that Warnaco be sold, are under a fiduciary duty to Warnaco's shareholders to consider and accept WAC's offer," Mr Galef said yesterday.

The other members of WAC's management team are Ms Linda J. Wachner, former chief executive of Max Factor and managing director of Adler & Shaykin, a New York-based investment group, and Mr Jeffrey S. Deutschman and Mr Frank A. Grisanti, both principals of the Spectrum group.

Warnaco manufactures, imports and sells menswear, including sportswear, shirts, sweaters and ties, and womenswear.

Warnaco, having already decided that it is in the best interests of Warnaco's shareholders that Warnaco be sold, are under a fiduciary duty to Warnaco's shareholders to consider and accept WAC's offer," Mr Galef said yesterday.

First Railroad to sell unit for \$70m

FIRST RAILROAD & BANKING, the Georgia-based banking group, is to sell its 57 per cent stake in its data processing unit to about 100 foreign institutional investors for more than \$70m, AP-DJ reports from Augusta.

The company said it is spinning off the unit, First Financial Management, to raise funds "to take advantage of the current market." It said it would use the proceeds of the sale to make acquisitions.

First Financial said that after the sale it would no longer be subject to regulation by the US Federal Reserve Board as an affiliate of a bank holding company, nor would it be required to restrict its operations to activities and services closely related to commercial banking.

Profits slip at Dry Goods

By Our Financial Staff

ASSOCIATED Dry Goods, the US department and discount stores group, yesterday reported a slight decline in fourth-quarter profits from \$81.3m or \$2.05 a share to \$80.3m or \$2.01.

This took net earnings for the year to \$119.7m or \$3 a share, down a shade from the \$120.7m or \$3.04 in 1984. Sales, however, rose from \$4.05bn to \$4.39bn, with a contribution of \$1.43bn (\$1.39bn) in the fourth quarter. Sales figures exclude Pioneer Dry-Goods, which was sold in June.

Republic Health agrees \$420m bid in principle

BY OUR FINANCIAL STAFF

REPUBLIC HEALTH, a Dallas-based hospital operator, has reached agreement in principle to be acquired in a revised \$420m-plus leveraged buyout from an investor group including McDonnell Douglas, the company's largest shareholder.

The group is offering \$18.50 cash per share and \$1.50 principal amount of subordinated debentures. The agreement supersedes an earlier offer which did not include the debentures.

Preferred shareholders will receive \$55.50 per share in cash and \$4.50 in face amount of debentures. Republic Health said the debentures would bear interest at 14.5 per cent, beginning 4 1/2 years after issue.

Republic said the merger was subject to a definitive merger agreement and approval by shareholders. The deal is also dependent on the investor group, Rep Acquisition, securing debt and equity financing, and regulatory approvals.

The company added that a definitive agreement would have to be reached by March 27, financing commitments obtained by May 31 and the deal completed by August 31 or either party could terminate it.

If the buyers pull out, Rep or Pesch & Co, one of the group's members, will have to pay \$1m to Republic. If Republic abandons the deal, it must pay \$2m to Pesch and reimburse Rep Acquisition for its fees and expenses.

Lone Star Steel to cut workforce by half

BY OUR FINANCIAL STAFF

LONE STAR Steel, the Dallas-based manufacturer of tubular goods for the oil industry, plans to cut its workforce by more than half in response to deteriorating market conditions in the oil and gas industry.

The cuts will reduce the company's workforce to 2,000, and come just one month after Lone Star announced it would be closing three plants and laying off between 10 and 15 per cent of its workforce. Yesterday the company said con-

tinuing depressed market conditions had forced the larger job cut to be imposed instead.

"Oil country" tubular goods are the primary market, but Lone Star said it would now emphasise its precision tubing products while maintaining its capability to make tubular goods for the energy industry, of which there are excessive stocks throughout the industry. Lone Star also blamed subsidised pipe imports for the job cuts.

FUND MANAGERS DOUBTFUL OVER CONCESSIONS TO FOREIGNERS' FUNDS

Wary approach to Singapore tax ruling

BY CHRIS SHERWELL IN SINGAPORE

THE SINGAPORE Government's removal earlier this month of tax and other disincentives against the use of Singapore-based fund managers has re-ignited hopes that the island state will attract more fund management activity and develop further as an international financial centre.

The latest move, announced by Dr Richard Hu, the Finance Minister, in his budget 10 days ago, aim to remove any Singapore tax liability arising from a foreigner having his funds managed in Singapore.

However, they do not help Singapore residents and fund managers are doubtful about a key aspect of the new provisions.

In the past Singapore-based fund managers have had to operate offshore banking arms called Asian Currency Units (ACUs) to carry on business. To enjoy the concession-

ary 10 per cent tax on fees, they have had to manage foreigners' funds into overseas markets - in other words, the business has had to be entirely "offshore."

Following the budget, fund managers no longer need ACU licences, although they must still have the approval of the Monetary Authority of Singapore, the powerful government regulatory agency. More importantly, the funds can now be invested in stocks and shares on the Singapore exchange.

This is good news for fund managers' foreign clients. Previously they could only escape a tax on trading gains made in the Singapore market by investing through London, Hong Kong or other centres. Now they can safely have funds managed by Singapore-based firms.

For the Singapore resident who

wishes to invest abroad, however, the position is unchanged. It remains unclear whether trading gains will be taxed as a trading profit at 33 per cent or a capital gain, which is free of tax.

He will, therefore, continue to find it an advantage to have his account offshore rather than with a Singapore-based fund manager.

Although this hurts Singapore's evolution as a financial centre - one fund manager says his firm has reluctantly channelled some \$815m (US\$6.9m) of Singapore business to its counterpart in Hong Kong - any ruling on the issue is being firmly resisted by the tax authorities. That means the matter will ultimately have to be settled through a challenge in the courts.

A snag also remains for foreigners, at least as far as fund managers are concerned. Although Dr Hu

ended a requirement that investors make a signed declaration of their non-resident status, he put the responsibility in the hands of the fund managers. It is not one they want or will readily accept.

Since the first concessions for fund management in Singapore were announced in September 1983, the Monetary Authority has issued 14 licences for fund management through ACUs with concessionary tax treatment.

Singapore nevertheless remains a long way behind Hong Kong as a fund management centre, where funds well in excess of US\$10bn are thought to be managed. Only last month, the London-based Britannia Arrow group closed its Singapore office, evidently out of frustration in its year-long attempt to secure a fund management licence.

This announcement appears as a matter of record only



Industrial Development Bank of India

U.S.\$30,000,000

Tax-spared
Revolving Underwriting Facility

Arrangers

S.G. Warburg & Co. Ltd.

Dean Witter Capital Markets - International

Lead Managers

Mitsui Trust Bank (Europe) S.A.

Société Générale Merchant Bank plc

Managers

The Dai-ichi Kangyo Bank, Limited

Standard Chartered Bank

London Interstate Bank Limited

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CTP Manager

Dean Witter Capital Markets - International

and
S.G. Warburg & Co. Ltd.

March, 1986

INTERNATIONAL COMPANIES and FINANCE

Notice of Annual General Meeting of Shareholders

17th March, 1986

JB-B

DOLLAR-BAER

Julius Baer U.S. Dollar Bond Fund Ltd.
(A company incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at Julius Baer Bank and Trust Company Ltd., Butterfield House, Grand Cayman, on the 2nd day of April, 1986 at 10 a.m. for the following purposes:

1. To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1985 and the reports of the Directors and Auditors.
2. To ratify the acts of Directors.
3. To appoint Auditors and authorize the Directors to fix the Auditors' remuneration.

By order of the Board Dollar-Baer, Julius Baer U.S. Dollar Bond Fund Ltd., P.O. Box 1100, Grand Cayman, Cayman Islands.

A shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a shareholder. Exercise of these rights in respect of bearer shares will be recognized only on presentation at the meeting

of the bearer certificate or satisfactory evidence of the holding. Such evidence may be obtained by depositing the certificate with the Agent listed below against written receipt, which must be produced at the meeting. Any instrument of proxy should be delivered to the Agent not less than two business days prior to the date of the Meeting.

Copies of the Annual Report including Audited Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agent listed below.

Secretary and Registrar:
Julius Baer Bank and Trust Company Ltd.
Butterfield House
P.O. Box 1100, Grand Cayman

Agent:
Bank Julius Baer & Co. Ltd.
Bahnhofstrasse 36, 8022 Zurich
Switzerland

Carrefour exceeds forecasts

By Paul Belts in Paris

CARREFOUR, the French hyper-market retailer group, yesterday reported higher than expected trading profits of FFfr 520m (\$78.1m) last year, 21.5 per cent above the FFfr 428m the previous year.

However, net profits in 1984 were boosted by an exceptional gain of FFfr 58m, giving total net earnings of FFfr 486m. On that basis, last year's net earnings were only 7 per cent up on the previous year.

The 21.5 per cent rise in trading profits compared with earlier estimates of an increase of about 15 per cent in earnings last year.

Carrefour, pre-tax sales of which rose 12.4 per cent to FFfr 44.2bn last year from FFfr 39.3bn the year before, also announced a one-for-three scrip issue.

Rockwell stock repurchase

ROCKWELL International, the US defence and aerospace group, is planning a \$500m stock repurchase programme.

The company said that at present prices the programme would reduce the currently outstanding 148m shares by about 8 per cent.

The repurchased stock will be used for potential acquisitions, stock options and employee benefits.

Italcable earnings jump 37%

BY JAMES BUXTON IN ROME

ITALCABLE, the state-controlled company which handles Italy's inter-continental telecommunications traffic, last year achieved a 37 per cent jump in net profits to L161.5bn (\$30m) on sales which rose by 20 per cent to L506bn.

Shareholders are to be asked to increase share capital from L132bn to L154bn through a rights issue.

Italcable belongs 54 per cent to the Stet group, part of the state holding company IRI. Along with the Stet subsidiary SIP, which handles much of Italy's internal telephone traffic, Italcable is destined to play a much greater role in Italian telecommunications when a new law, now in preparation, is passed by parliament.

The law would transfer operation of all Italy's international telephone and telex traffic from the Ministry of Posts and Telecommunications to Italcable.

Last year Italcable's terminal telephone traffic rose by 14 per cent and telex traffic by 8 per cent, while

there was a jump of 40 per cent in transit telephone traffic.

The company is to handle more transit traffic thanks to an agreement with MCI International, the second largest US carrier of domestic and international traffic.

Italcable is to invest L348bn over the next five years at constant prices. This will include its share of a Mediterranean optical fibre cable network and the development of international data transmission services.

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Last year Italcable's terminal telephone traffic rose by 14 per cent and telex traffic by 8 per cent, while

Austrian bank profit rises 18%

By Patrick Blum in Vienna

GIROZENTRALE, Austria's second largest bank, increased net profits last year by more than 18 per cent from Sch 118.9m (\$7.5m) in 1984 to Sch 140.5m, Dr Karl Pale, the bank's chief executive said.

Operating profits increased more sharply, rising 41 per cent from Sch 89m in 1984 to Sch 1.35m last year. Much of the operating profit was allocated to reserves and provisions. Provision for overseas debt was increased by Sch 300m to Sch 1.05bn.

The bank will pay out a 9 per cent dividend on capital which increased to Sch 1.6bn last year.

Dr Pale said the bank's "good performance" last year followed improvements in all its activities.

Foreign business increased from 35.8 per cent to 37.3 per cent of the balance sheet total which rose to Sch 250.6bn last year.

SME boosted by higher sales

BY OUR ROME CORRESPONDENT

SME, the Italian supermarket group whose future is at the centre of political and legal battles increased its sales by 13 per cent to L2,870bn (\$188m) last year. The figure is not consolidated, however, and includes transfers between the group's industrial companies and its supermarkets.

Net profits of the parent company, which receives dividends, rose from L50.2bn to L59.7bn. Of this some L28bn represented extraordinary gains stemming from the revaluation of shareholdings.

Last year IRI, the Italian state holding company, reached a preliminary agreement to sell its control-

ling stake in SME to Buitoni, the food group controlled by Mr Carlo de Benedetti. But the deal was blocked at government level.

SME has been undergoing intensive restructuring since IRI installed Mr Giuseppe Rasero as managing director in 1983.

This announcement appears as a matter of record only. It does not constitute an offer to sell nor a solicitation of an offer to buy these securities.

U.S. \$100,000,000

Citizens Federal Savings and Loan Association

Collateralized Floating Rate Notes Due 1996

Shearson Lehman Brothers International Salomon Brothers International Limited

Banca Manusardi & C. Banque Bruxelles Lambert S.A.

Banque Paribas Capital Markets Limited Crédit Lyonnais

First Interstate Capital Markets Limited E.F. Hutton & Company (London) Ltd

Kidder, Peabody International Limited Kyowa Bank Nederland N.V.

LTCB International Limited Mitsui Finance International Limited

Morgan Stanley International The Nikko Securities Co., (Europe) Ltd.

Nippon Credit International (HK) Ltd. Orion Royal Bank Limited

PaineWebber International Sociétés Générale

Sumitomo Trust International Limited Svenska Handelsbanken Group

Swiss Bank Corporation International Limited Taiyo Kobe International Limited

Takugin International Bank (Europe) S.A. Tokai International Limited

Union Bank of Switzerland (Securities) Limited Yasuda Trust Europe Limited

March, 1986

This advertisement complies with the requirements of the Council of The Stock Exchange.

JAPAN AIR LINES COMPANY, LTD.
(Incorporated with limited liability under the Law of Japan)

U.S.\$150,000,000

8½% Guaranteed Bonds due 1996

Unconditionally guaranteed as to payment of principal and interest by

Japan

The following have agreed to subscribe or procure subscribers for the Bonds:

LTCB International Limited

Daiwa Europe Limited

Credit Suisse First Boston Limited

Bank of Tokyo International Limited

Bankers Trust International Limited

Banque Paribas Capital Markets Limited

Baring Brothers & Co., Limited

Chemical Bank International Limited

Dai-ichi Kangyo International Limited

Goldman Sachs International Corp.

IBJ International Limited

Kleinwort, Benson Limited

Manufacturers Hanover Limited

Morgan Guaranty Ltd

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

Salomon Brothers International Limited

Swiss Bank Corporation International Limited Union Bank of Switzerland (Securities) Limited

Westdeutsche Landesbank Girozentrale

Application has been made for the 30,000 Bonds of U.S. \$5,000 each to be admitted to the Official List by the Council of The Stock Exchange. Interest on the Bonds will accrue from 27th March, 1986 and will be payable annually in arrears on 27th March in each year.

Particulars of the Bonds and the Issuer are available in the Extel Statistical Service. Copies of the listing particulars relating to the Bonds may be obtained during usual business hours on any weekday (Saturday excepted) up to and including Thursday, 20th March, 1986 from the Company Announcements Office of The Stock Exchange and up to and including Tuesday, 1st April, 1986 from—

LTCB International Limited
18 King William Street,
London EC4N 7BR

Cazenove & Co.
12 Tokenhouse Yard,
London EC2R 7AN

18th March, 1986

SEK

AB Svensk Exportkredit
(Swedish Export Credit Corporation)

US\$100,000,000 15¼% Notes due 1989 convertible at the option of the holder to Floating Rate Notes due 1989.

For the six months period 15th March, 1986 to 15th September, 1986 the Floating Rate Notes will carry an interest rate of 7¼% per annum with a coupon amount of US\$38.01 per US\$1,000 Note and US\$38.14 per US\$10,000 Note. The relevant interest payment date will be 15th September, 1986.

Bankers Trust Company, London

Agent Bank

BAWAG

BANK FÜR ARBEIT UND WIRTSCHAFT A.G.
(Incorporated with limited liability in Austria)

U.S.\$40,000,000 Subordinated Floating Rate Notes due 1990

In accordance with the terms and conditions of the above-mentioned Notes notice is hereby given that the Rate of Interest has been fixed at 7¼% per annum and that the interest payable on the relevant Interest Payment Date, September 18, 1986 against Coupon No. 8 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$396.11.

March 18, 1986, London
By: Citibank, N.A. (CSI Dept.), Agent Bank

CITIBANK

COMALCO FINANCE LIMITED
US\$100,000,000

Guaranteed Floating Rate Notes due 1993

Notice is hereby given that for the interest period 18th March, 1986 to 18th June, 1986 the interest rate has been fixed at 7¼%. Interest payable on 18th June, 1986 will amount to US\$191.67 per US\$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

NBD BANCORP, INC.
US\$100,000,000

Floating Rate Subordinated Notes Due 2005

Notice is hereby given that for the interest period 18th March, 1986 to 18th June, 1986 the interest rate has been fixed at 7¼%. Interest payable on 18th June, 1986 will amount to US\$194.86 per US\$10,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

Ireland

U.S. \$300,000,000 Floating Rate Notes Due September 1999

For the six months 17th March, 1986 to 17th September, 1986 the Notes will carry an interest rate of 7¼% per annum with a coupon amount of U.S.\$38.01 per U.S.\$10,000 Note and U.S.\$38.14 per U.S.\$100,000 Note.

Bankers Trust Company, London. Agent Bank

Notice of Annual General Meeting of Shareholders

JB-B

D-MARK-BAER

Julius Baer D-Mark Bond Fund Ltd.
(A company incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN of the Annual General Meeting to be held at Julius Baer Bank and Trust Company Ltd., Butterfield House, Grand Cayman, on the 2nd day of April, 1986 at 10.30 a.m. for the following purposes:

1. To receive and consider and, if thought fit, adopt the accounts presented by the Directors for the year ended 31st December, 1985 and the reports of the Directors and Auditors.
2. To ratify the acts of Directors.
3. To appoint Auditors and authorize the Directors to fix the Auditors' remuneration.

By order of the Board D-Mark-Baer, Julius Baer D-Mark Bond Fund Ltd., P.O. Box 1100, Grand Cayman, Cayman Islands.

A shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a shareholder. Exercise of these rights in respect of bearer shares will be recognized only on presentation at the meeting

of the bearer certificate or satisfactory evidence of the holding. Such evidence may be obtained by depositing the certificate with the Agent listed below against written receipt, which must be produced at the meeting. Any instrument of proxy should be delivered to the Agent not less than two business days prior to the date of the Meeting.

Copies of the Annual Report including Audited Accounts are available for inspection and may be obtained at the registered office of the Company and from the Agent listed below.

Secretary and Registrar:
Julius Baer Bank and Trust Company Ltd.
Butterfield House
P.O. Box 1100, Grand Cayman

Agent:
Bank Julius Baer & Co. Ltd.
Bahnhofstrasse 36, 8022 Zurich
Switzerland

INTERNATIONAL COMPANIES and FINANCE

Lachlan Drummond on the rapid growth of a New Zealand predator
Brierley broadens his horizons

IN 1982 Mr Ron Brierley raised NZ\$50,000. Brierley Investments, but spending most of the funds on promoting the issue in the face of a glacial indifference among the New Zealand investment community to the efforts of an investment manager to translate his thoughts to deeds.

BIL struck a similarly very poor market response to its first efforts in Australia in 1986 when it took control of a defunct options trader, Industrial Equity (IEL), and saw the share price sliced from 10 shillings to two shillings.

From those humble beginnings the Brierley group has established a commanding presence on both sides of the Tasman Sea, with BIL standing clearly as the largest New Zealand company by market capitalisation at almost NZ\$ 2.7bn (US\$ 1.45bn) and the 52 per cent-owned IEL ranking as 10th largest in Australia at AS 1.8bn (US\$ 1.27bn). BIL is also listed in Australia and takes seventh spot on the Australian capitalisation list.

The basis for that growth has been an endless string of acquisitions and investments, continuous trading of shares and assets backed by annual and ever-increasing calls for cash from shareholders to support the growing scale of acquisitions. With the issues Mr Brierley's personal stake in the New Zealand master company has dropped to around 5 per cent, although he remains the inspiration and chief strategist for the group.

The outcome has been a growth in net earnings from AS 11.9m in 1980-81 to AS 51.2m in 1984-85 for IEL and from NZ\$ 11.2m to NZ\$ 93.1m for BIL.

On IEL's coat-tails
For both companies there is no such thing as an abnormal or extraordinary profit. Their businesses are the buying and selling of shares and assets so everything is counted. And their accounting policy is such that at the point of takeover the difference between the price paid and worth of the assets acquired adjusted for contingencies is looked as a profit or a loss, with any surplus available for distribution until realised.

Last year the asset trading account for IEL produced an AS 16.2m charge against profits after AS 22.9m was transferred to the provision for contingencies, compared with an AS 18.9m profit after AS 1.2m contingency charges the previous year.

For most of its 25 years BIL has travelled on the coat-tails of the IEL group, but in the past half decade has increas-

ingly established its own raft of indigenous investments and operations in New Zealand, a process which has gathered pace in the past 12 months and taken it an evolutionary half-step ahead of IEL.

That change has in the past six months seen BIL cement its existing associate relationships with Dominion Breweries and with Winstone, a pulp and building products group, by moving above a 50 per cent holding in each. It has also received approval to move from 40 per cent to 50 per cent of NZ News, one of the country's largest media groups.

BIL also owns or controls New Zealand companies in the retail, engineering, food, printing, packaging, gas reticulation and textile industries, a solid core of operational activities to which it adds and subtracts to provide what it judges to be logical and rational business structures.

BIL's involvement is that of a keenly interested investor providing the corporate direc-

when completed by June will take its capital raisings in six months to NZ\$190m.

These include a NZ\$72m rights issue completed last December, a NZ\$105m placement to Australian institutions, a NZ\$35m UK placement and a NZ\$100m Swiss franc convertible bond issue.

The access to credit, a stronger share price and a more institutionalised shareholder base has broadened the group's takeover horizons in both countries. Another step was the creation of the Hong Kong incorporated Industrials Equity Pacific (IEP), bought in 1975 as a dormant company.

Brierley group now has a 60 per cent interest in IEP following a AS\$72m rights issue and tender offer.

IEP's ladder has been well stocked, with US\$70m purchase of Higbee, a Cleveland, Ohio, retailer, as well as investments in 89 UK, US and Hong Kong companies.

It was IEP which took part in a recapitalisation for

opportunism which pitches the group at undervalued assets—mostly tangible although increasingly the intangible but measurable assets represented by market shares, trade marks, franchise agreements and the like.

Along the way IEL has built one of Australia's largest food groups in its 62 per cent-owned Southern Farmers Group—annual turnover AS\$600m, capitalisation AS\$300m—and has retained a mix of small businesses.

NBH plan stalled

This year it has moved to add Australian Gas Light Company, a Sydney utility, to its list of operating affiliates, having secured entitlement to 40 per cent. Until December 31 the utility was protected by by-laws restricting individual stakes to 2 per cent. New legislation raised the limit to 5 per cent, but came into effect only after a brief interlude which Mr Brierley exploited to secure his holding. The position has yet to be clarified by the state government.

Its other major move was to spend AS\$200m building an 18 per cent stake in North Broken Hill Holdings and announcing an AS\$250m proposal to take its stake to 40 per cent and to then sell off the component parts of the company.

However, the plan was stalled by the Victoria supreme court, which confiscated a 7 per cent, AS\$60m stake and vested it with the National Companies and Securities Commission. This followed its finding that IEL had breached the spirit and intent of legislation allowing a company to seek the beneficial owners of shareholdings below the formal 10 per cent public disclosure level by establishing a chain of international nominees.

IEL does not deny it is attempting to avoid revealing itself but believes it is acting within the law in doing so, viewing the procedure involved as a private matter between the company seeking the identity and the shareholder.

It is appealing against the judgment and Mr Brierley says that if the confiscation decision is upheld the logical development is for IEL to cease doing business in such a hostile Australian environment. He adds: "I still have some faith that someone somewhere has some common sense and is able to interpret the facts in accordance with the law as stated and legal principles, and that that common sense will prevail, and that it will all prove to be a bad dream."

If the nightmare continues, the picking of the riches on the US and UK share boards can be expected to accelerate.

Malaysia exchange eases rules for brokers

By Wong Sulong in Kuala Lumpur

THE Kuala Lumpur Stock Exchange (KLSE) has amended its rules to allow banks and foreign brokers to take equity in local stockbroking companies, but has again deferred a decision on whether to go ahead with the proposed financial lifeboat to help members in difficulties over forward share purchase contracts.

Under the amended rules, approved at an extraordinary meeting of its members, the maximum equity which outsiders can take up is 61 per cent. Where both local and foreign institutions are involved, the foreign entity may not acquire more than 30 per cent and the local partner no more than 31 per cent.

Nine firms are said to have found outside partners.

In order to improve the financial standing of KLSE members, minimum paid-up capital for a broking company has been set at 2m ringgit (\$800,000), and at least 5m ringgit in the case of firms which take banks and foreign brokers as partners.

Mr Nik Mohamed Din, KLSE chairman, said members would now decide on April 6 on the lifeboat which he said would probably be reduced from 80m ringgit to 50m ringgit.

This announcement appears as a matter of record only.

**BALTICA FINANS A/S**

Danish Kroner 250 million
Note Issuance Facility

Lead Managed by
Den Danske Bank, London Branch

Managed by
Den norske Creditbank PLC
Nordiska Investeringssbanken
(Nordic Investment Bank)

Kansallis Banking Group
Postipankki (UK) Limited

Agent Bank
Den Danske Bank
London Branch



March, 1986

NEW ISSUE

November 1985

U.S.\$115,000,000

**Gibraltar Savings**

10% Collateralized Notes Due 1992

Kidder, Peabody International
Limited

Nomura International
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Crédit Commercial de France

Genossenschaftliche Zentralbank A.G.
Vienna

Goldman Sachs International Corp.

Kansallis Banking Group

Merrill Lynch Capital Markets

Mitsubishi Trust & Banking Corporation (Europe) S.A.

Tokai International
Limited

S.G. Warburg & Co. Ltd.

Mitsubishi Chemical dips

BY YOKO SHIBATA IN TOKYO

MITSUBISHI CHEMICAL Industries, Japan's largest integrated chemical company, has reported pre-tax profits of Y23.7bn (\$134.3m) in the year to January, down 24.4 per cent. But a stronger net result allowed it to restore its dividend.

The lacklustre performance was attributed to softer product prices caused by the yen's rise against the dollar and the drop in oil prices.

Sales rose 1.3 per cent to Y810.89bn, supported by demand

for engineering, plastics, floppy discs and other new products.

Net profits were Y6.77bn after writing-off Y10.9bn, compared with previous year's net earnings of Y1.72bn. It is to pay an annual dividend of Y5 a share, the first in four years.

Arabian Oil, Japan's largest oil producer, suffered a 22 per cent fall in consolidated pre-tax profits to Y197.94bn last year. After tax paid to Saudi Arabia and Kuwait, net profits came out at Y2.9bn, down 15.6 per cent, on sales of Y597.5bn, which

Guardian National loss up

BY JIM JONES IN JOHANNESBURG

HIGHER REINSURANCE costs and greater losses on the net underwriting account led to an increase of more than half in the net underwriting loss of Guardian National, the South African subsidiary of Guardian Royal Exchange of the UK.

Gross premiums increased to R178.7m (\$89.5m) in 1985 from R165.5m. However, net premiums increased to R123.5m from 98.3m, largely because several foreign reinsurers have reduced their South African exposure as a result of poor rates.

The underwriting loss increased to R6.25m from R3.96m.

Mr Donald Gordon, the chairman, says that underwriting results remain unsatisfactory throughout the market despite improvements in rates.

Guardian National's life operations are being transferred to Charter Life, a new life insurance company.

Earnings rose to 76.9 cents a share from 62.3 cents and the total dividend has been lifted to 50 cents from 44.5 cents.

U.S. \$100,000,000

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Interest Period	18th March 1986 18th September 1986
Interest Amount per U.S. \$10,000 Note due 18th September 1986	U.S. \$388.53

Credit Suisse First Boston Limited
Agent Bank

U.S. \$100,000,000



Arab Banking Corporation (B.S.C.)

Floating Rate Notes Due 1996

Interest Rate	7 ¹ / ₁₆ % per annum
Interest Period	18th March 1986 18th September 1986
Interest Amount per U.S. \$10,000 Note due 18th September 1986	U.S. \$389.72

Credit Suisse First Boston Limited
Agent Bank

U.S. \$150,000,000



MARINE MIDLAND
BANKS, INC.

Floating Rate
Subordinated Notes Due 2009

Interest Rate	7 ¹ / ₁₆ % per annum
Interest Period	18th March 1986 18th June 1986
Interest Amount due 18th June 1986 per U.S. \$10,000 Note per U.S. \$50,000 Note	U.S. \$196.46 U.S. \$982.29

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U.S.\$125,000,000
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March 18, 1986, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / March, 1986



\$200,000,000

International Bank for Reconstruction and Development

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Salomon Brothers Inc

Morgan Stanley & Co.
Incorporated

The First Boston Corporation

Goldman, Sachs & Co.

Merrill Lynch Capital Markets

UK COMPANY NEWS

St. Ives £23.5m double purchase

BY DAVID GOODHART

St Ives, the fast-growing printing group, yesterday announced two more acquisitions—the magazine printer Chase Web Offset and the magazine printing operation of East Midlands Allied Press—for a combined valuation of £23.5m.

The company, which only came to the market last year, has already become the UK's biggest book printer following its agreed takeover of Richard Clay on the run from a hostile bid from fellow book printer MacCorquodale.

This latest deal will make St Ives the second largest magazine printer after Mr Robert Maxwell's British Printing and Communications Corporation.

Mr Bob Gavron, St Ives chairman, who is also a non-

executive director of the Octopus publishing group, said the aim of the deals was to broaden the group's base in magazine printing.

Chase, a private West Country company controlled by Mr Max Harvey and his family, specialises in relatively short-run colour magazines and prints more than 200 titles including The Field, Golf World, London Portrait and Over 21. St Ives' current operations on the other hand print only about 30 or 40 titles but some, such as Which? have a print run over 1m.

St Ives' all-share offer values Chase at £22m. In the five years ended March 31 1985 turnover increased from £3.5m to £15m and pre-tax profit from £246,000 to £1.7m.

The £22m valuation is based on Chase achieving £2.8m pre-tax profits this year.

St Ives is expanding its ordinary share capital by 1.8m to 12.1m to pay for £12m of the deal and the balance will be satisfied by the issue of 10m new convertible cumulative redeemable preference shares. After the deal is complete Mr Gavron will hold about 2.2 per cent of the ordinary share capital.

For the printing division of EMAP's Peterboro Web, St Ives is paying £11.5m in cash. The agreement marks the retreat of EMAP from printing and the company said yesterday it would now concentrate on magazine and newspaper publishing. The printing division lost £525,000 last year. St Ives' share price stayed on 69p yesterday.



Mr Bob Gavron, chairman of St Ives

Argyll is not to make a further appeal

By David Goodhart

Argyll Group yesterday announced that it would not appeal against the Court of Appeal's decision last week to allow the rival Guinness bid for Distillers to stand.

However, Mr Jimmy Gulliver, the Argyll chairman, speaking in Glasgow last night, called on the Office of Fair Trading to block the controversial second Guinness bid, which involves the sale of a number of Distillers' smaller UK brands. The OFT is expected to reach a decision on the bid later this week.

The equally controversial "merger agreement" between Guinness and Distillers, under which Distillers has undertaken to pay most of Guinness' bid costs—came under fire last night from the investment committee of the Association of British Insurers.

Mr John Mulville, secretary of the committee, has written to the Issuing Houses Association saying: "The committee is of the opinion that arrangements of this kind are undesirable in principle."

Aberdeen shipyard has £5.75m order

ABERDEEN Shipbuilders has concluded a £5.75m deal with another Aberdeen company, Balmoral Offshore Shipping for an oilfield service vessel.

The 6,000 horse-power vessel, to be named "Ballantine" after the whisky, will have specialist equipment for plugging well-heads and is to be completed within nine months. It will be built in the yards of Hall Russell, officially taken over by Aberdeen Shipbuilders yesterday.

The Royal Air Force Benevolent Fund repays the debt we owe



The Royal Air Force reached a peak strength of 1,200,000 in 1944 and more than 1½ million men and women served during the war years.

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Each year demands on the Fund are increasing as the survivors of World War II and their dependants grow

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We need your help. Every donation we receive means we have more to give. Please remember the Fund in your Will; advice on legacies, bequests and covenants is gladly given. If you know of anyone who might qualify for help from the Fund please let us know.

Royal Air Force Benevolent Fund

67 Portland Place, London W1N 4AR Telephone: 01-580 8343

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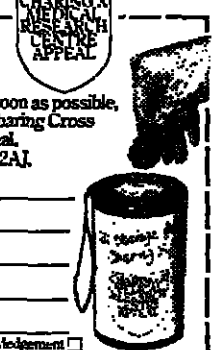
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Some pause for breath now in order

"I feel like an ugly young girl who all of a sudden finds herself being courted by several suitors," says Bob Gavron. He is actually a remarkably youthful looking 55 year old printing entrepreneur who heads one of the fastest growing public companies in the UK, David Goodhart writes.

Since coming to the market last year the turnover of the company has increased from £18m to about £80m and the market capitalisation from £20m to £70m. Following yesterday's two deals the capitalisation could creep up towards three figures.

That expansion has come almost entirely through acquisition, although it has been helped by the enhanced growth prospects of the whole printing industry. But listening to the former barrister at its helm one gets the impression—perhaps a little misleading—that glory has been thrust upon him.

"When we came to the market last year we never expected to grow this fast, but the funny thing is that in all our subsequent deals—with Richard Clay, Chase and EMAP—the companies have approached us and asked us if we were interested. Perhaps it is because we are thought of as nice people to deal with," says Bob Gavron.

Aside from "sheer good luck," as Bob Gavron puts it, St Ives' rise to stardom has no doubt been helped by the fact that a public company seeking shelter from a hostile bid (Clay) or a private company looking to merge (Chase) have had few other printing groups with a strong p/e to choose from.

The stock market has also thought St Ives a nice company to deal with an dit has thus been able to use its highly priced shares to snap up both Clay and Chase.

Gavron's entrepreneurial

flair prompted one analyst to suggest yesterday that he is to the printing industry what his close friend Paul Hamlyn (chairman of Octopus) has been to the publishing industry.

Gavron came into the industry at the age of 33 when he raised £400,000 to complete a management "buy-in" of the CP Printing Group. Several years later he bought from the receiver the assets of a failed web-offset magazine printer which was re-named the Severn Valley Press and is now the largest contributor to group profits; this year they are expected to top £5.25m.

He claims no magic management philosophy but is a firm believer in motivating managers with high incentive bonuses and share options. The London head office also gives the operating units plenty of independence.

Unlike many of his competitors Gavron has been showing

enthusiasm for new technology for several years—although he has been careful not to rush into the very latest equipment before it has been proved elsewhere.

Many acquisitions—including yesterday's Peterboro Web—have also been of companies that would otherwise have been closed down. He has thus been able to insist on far slimmer manning levels with unions lacking negotiating strength. St Ives said yesterday that it was offering employment to roughly half of the 170 Peterborough jobs.

With St Ives soon to be capitalised as the third biggest printing group in the UK, Bob Gavron seems to believe that some pause for breath is now in order. But he will no doubt be a force to be reckoned with for many years to come. "We have got the world's language, we should also have the world's printing industry," he says.

BIOTECHNOLOGY

Publication date: May 2 1986

Advertisement copy date: April 14 1986

The Financial Times proposes to publish this survey on the above date. The provisional editorial synopsis is set out below:

- 1 INTRODUCTION
- 2 COMMERCIAL PRODUCTS
- 3 THE COMPANIES
- 4 THE FINANCE
- 5 TECHNOLOGY TRANSFER
- 6 THE NEXT PHASE

Editorial Information

Please address all enquiries or suggestions concerned with editorial content of this survey in writing to the Surveys Editor.

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Details of Financial Times Surveys are subject to change at the discretion of the Editor.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

This announcement appears as a matter of record only.

Jeyes Hygiene PLC

A company formed by its management has acquired the business and undertaking of the Hygiene Division of Jeyes Limited from Cadbury Schweppes plc.

Finance, totalling £11.0 million, has been subscribed or made available to the company. In addition to the management and employees, equity finance was subscribed by, amongst others:

- Barclays Development Capital Limited
- Charterhouse Development Limited
- Charterhouse Development Capital Limited
- Confederation Life Insurance Company
- Eagle Star Insurance Company Limited
- Electra Investment Trust PLC
- Friends' Provident Life Office
- Granville Modern Management Trust
- Grosvenor Technology Fund
- Legal & General Assurance Society Limited
- Lloyds Development Capital Limited
- Rothschild Ventures Limited
- Stewart Enterprise Investment Company PLC

Bank facilities and medium term loans were provided by
Midland Bank plc

arranged by

Granville & Co. Limited

professional advisers

Herbert Smith & Co.

Price Waterhouse

March 1986

Our management skills are

in freight forwarding,

in offshore oil support,

in fuel distribution,

in shipping,

in waste management,

in warehousing,

in a word, indispensable.

There was a time when Ocean was regarded as simply the best-run cargo shipping line in the world.

Today, though, our management skills are deployed across a much wider range of business activities. With the result that we are now regarded as one of the best-run industrial services groups in the world.

As well as the seven seas, we now cover all five continents, and offer services which range from international freight forwarding to worldwide offshore oil support, from specialist warehousing to waste management and from ship towage to tyre retreading.

From a shipping concern to a multi-discipline international organisation might seem like a giant leap. In fact it has been more a matter of small steps, some straightforward, others demanding a degree of intricate footwork.

Our acquisition of the Cory businesses, for example, and the accompanying moves into freight forwarding, ship towage, fuel distribution and ware-

housing, can be seen as logical extensions of the distribution skills we had acquired in shipping.

Offshore oil support, on the other hand, was something of which we had no direct experience. It is a fast-moving, immensely challenging sector—indeed as a test of management vision and versatility, it has very few equals.

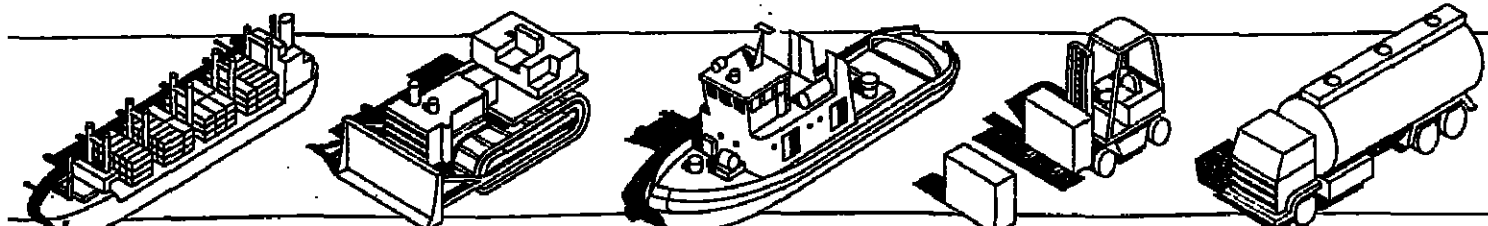
And so have we: O.I.L., our offshore oil support subsidiary, is probably the most profitable British company in its field.

The ability to adapt and innovate, to extend existing skills and develop valuable new ones, is the key to our success with O.I.L. and to our success as a whole.

It is this which has shaped Ocean over the years, and which will sustain us in the future.

Proud words? Yes.

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UK COMPANY NEWS

Morgan Grenfell advances by 40%

BY MICHAEL CASSELL

Morgan Grenfell, the merchant bank, yesterday reported a 40 per cent jump in pre-tax profits for 1985. It said that, following the collapse of merger talks with Exco International, it was pressing on with other plans to expand its capital base.

Earlier this month, the bank was forced to call off its proposed £1bn merger with Exco, following intervention by the Bank of England. No talks aimed at reactivating a merger are being held between the two sides.

Morgan Grenfell disclosed pre-tax profits of £54.5m for the year ending December 31 1985. The figure was struck after transfers to inner reserves and compares with £38.8m in 1984. Group profit after taxation reached £32.4m against £20.4m in 1984. There will be a final dividend payment of 8.25p making 12p (8.5p) for the year. The bank disclosed capital resources of £268.5m, against £244m at the end of 1984, with the year-end balance sheet total little changed, at just over £4bn.

Lord Catto, the chairman, said Morgan Grenfell would



Mr. Christopher Reeves, group chief executive

keep its plans to go public under review but that the bank did not see a quotation as a necessary part of the group's future. "If it makes sense, as with Exco, we would go for it but we are sufficiently large and have the ability to raise what-

ever capital we need from shareholders. He continued: "We can get on just as well without a quotation, which is not essential if we want access to more capital. Most of our shareholders are content that the bank is unquoted."

Mr. Christopher Reeves, group chief executive, said Morgan Grenfell Holdings would now have a current market capitalisation of over £400m.

An Exco merger, Mr. Reeves continued, "would have taken care of capital requirements for some time" but the group would now be seeking around £100m of additional finance over the next two years. Apart from looking to its shareholders, other options were "not apparent at the moment". The bank has traditionally raised additional capital every two or three years via rights issues—the last was in May 1984—and from retained profits.

The group declined to provide any profits breakdown between its banking, asset management and securities-related operations, although it said that a rising proportion of 1985 earnings had come from its 14 over-

seas subsidiaries and the international division. Operations in New York and Australia had been particularly successful. Profits from Morgan Grenfell's corporate finance business had doubled in two years—advising during 1985 on 93 mergers and acquisitions with an aggregate value of \$8.8bn. Asset management operations had also shown strong growth, with funds under management in excess of £10bn. Funds under management for North American pension fund clients amounted to \$2.2bn, a 70 per cent increase since the end of 1984.

The bank said that the slowest rate of growth has been in its traditional banking business, although the performance had still been good.

Good progress has been made in the development of Morgan Grenfell Securities, with the 100 per cent integration of Pender & Boyle and Pinchin, Denny, likely to be completed within the next two months. MGS will have around 450 staff, including equity research and sales personnel.

See Lex

Wm. Hill in Belgian betting expansion

By Lionel Barber

William Hill, the Sears Holdings betting chain subsidiary, yesterday announced a major expansion, buying 345 betting offices in Belgium.

The size of the deal was not disclosed, but is likely to be more than £20m. In November 1984, Ladbroke, one of Hill's main UK betting rivals, paid £28m for a chain of 529 shops in Belgium, boosting its total to more than 800 and giving it around 50 per cent of the total Belgian market.

Hill's purchase of Tierce Franco-Belge SA and La Generale Hippique Tierce SA, two private companies, means the two UK groups control around 75 per cent of the Belgian market.

Mr. Peter Rouse, chief marketing executive of William Hill, described yesterday's acquisition as significant. Mr. John Brown, assistant managing director of William Hill, is to become managing director of the Belgian operation and the two principal Belgian shareholders will continue to serve as directors.

Belgium is one of the few European countries which allows betting shops and is an obvious place to expand, Mr. Rouse said. Most betting is done on French races, through a system called Pari-Mutuelle, which is similar to the English Tote.

Hill did not disclose the trading profits of its acquisition but did reveal the companies' market share. It described the two companies as "well established" and said they would be run from headquarters in Liege.

William Hill has 850 betting shops in the UK and competes against Ladbroke, Mecca and Coral. In the UK, it holds more than 10 per cent of the market, Mr. Rouse said. Last October, Hill increased its interim pre-tax profits by £2.6m to £8.1m.

Last month, Ladbroke, in an attempt to counter the cancellation of race meetings in the UK caused by the bad weather, experimented by offering a TV commentary of Belgian trotting races in some of its UK betting shops. This tentative step towards a transnational betting market was described as "very successful" by Mr. Peter George, a Ladbroke director.

Mr. Rouse, however, dismissed the idea of linking Belgian horse racing to its UK betting shop chain.

Trilion buys three TV distributors

Trilion has entered into a conditional agreement with Mr. Richard Blayney and others for the acquisition of Movietel Services, Caribbean Programme Services, and Eurotel Programme Distributors.

The consideration for the three acquisitions will not exceed £1m, £800,000 of which will be satisfied by the allotment of 1.05m Trilion shares. The balance will be satisfied by the allotment of up to 256,410 Trilion shares but is dependent on the aggregate net pre-tax profits of the three companies being not less than £160,000 for the year ending March 31 1986.

Rodamco buys more Haslemere

Rodamco, the Netherlands-based investment trust, has made purchases of shares in Haslemere Estates, taking its share in the ordinary share capital of the UK property company to 60.3 per cent. Together with loan stock purchases, Rodamco now has 56.7 per cent of Haslemere's fully diluted share capital.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding for year	Total for year
Beatson Clark	5.25	May 13	4.9	7.45
Cambridge Elect.	6	April 17	5.46*	16.4*
City of Aberdeen Land Int	0.44	July 10	—	0.44
Comer Products	1.5	May 16	—	1.5
Davidson Pearce	1.58	—	1.58	2.21
Davies & Metcalfe	5.25	—	4.55	7.35
Thos. Jourdan	1.5	—	1	2.5
Lorlin	4	May 10	—	4
MAI	1.75	May 30	1.45*	2.45*
Metalbox	2.75	—	2.45*	2.75*
Pittard	0.35†	May 2	0.18*	0.53*

Dividends shown in pence per share except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Unquoted stock.

Midland Bank plc

U.S. \$500,000,000
Undated Floating Rate Primary Capital Notes

Notice is hereby given that the Rate of Interest has been fixed at 7.4% and that the interest payable on the relevant Interest Payment Date, September 18, 1986 against Coupon No. 2 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$96.11.

March 18, 1986, London
By: Citibank, N.A. (CSI Dept.), Agent Bank

CITIBANK

All-round growth lifts MAI profits to £16.34m

WITH ALL divisions achieving an increase, pre-tax profits of MAI—formerly Mills & Allen International—the money and securities broking, insurance and advertising and market research concern, expanded by 28.8 per cent from £12.68m to £16.34m for the six months ended December 31 1985.

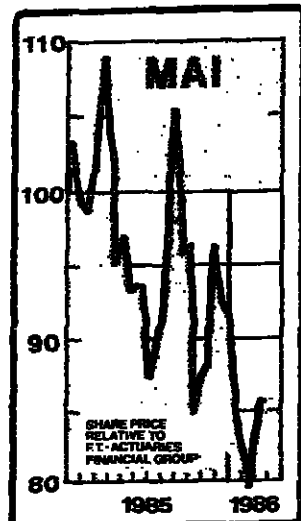
After tax of £5.88m (£4.6m) earnings per share are given as 21.4p against 19.3p, a rise of 10.9 per cent, while the interim dividend is unchanged at 3p net—last year's final was 12p paid from profits of £27.45m.

Turnover amounted to £86.55m, compared with £81.23m, and with pre-tax profits were divisionally split as to: securities and money broking £65.8m (£51.34m) and £10.71m (£9.34m); personal financial services £4.77m (£3.26m) and £1.51m (£1.07m); media £22.57m (£21.7m) and £1.14m (£1.53m). Net interest added £1.03m (took £275,000).

Mr. Ian Morrow, chairman, says that active markets helped the securities broking companies, including Gintelco the corporate bond broker acquired last June, to achieve excellent results. Garban, inter dealer broker in US Government securities, responded effectively to the reduction in its commission rates by cutting costs, broadening the product range and increasing market share, the chairman states.

Moneybroking profits were down as a result of quiet markets during part of the year, he adds.

Growing revenues and improved operating margins helped Keywest Financial, the personal financial services division, to achieve a useful increase in profits, while the media sector benefited from



£85,000 (£160,000) and extraordinary debits of £1.86m (all amortisation) of goodwill £1.92m and £59,000 net surplus on disposal of investments and subsidiaries—the amount available came through at £8.51m, against £7.92m.

comment

There are two reasons for MAI's low rating: the market regards money broking income as being of less than top quality, and does not like being flooded with paper when it has barely absorbed the last lot. These results should water down the first complaint, as profits from the three non-broking divisions are all up strongly and the management, which in the past has dived over the group's corporate structure, is now set on increasing the share of profits from media, market research and financial services to about 60 per cent of the whole. With the help of small acquisitions, funded (if MAI is wise) out of its £35m cash balance, this could be achieved within three years. On the second count, put-upon investors should comfort themselves that the new shares have been put to good use, with the recent Wagon acquisition reducing the percentage of dollar profits, doubling the size of the financial services division and with any earnings dilution likely to be short-lived. Meanwhile, the broking business has done well to stand still, given a negative £1.5m translation loss, heavy development costs in preparation for Big Bang and a 35 per cent cut in commissions on US government securities. On profits this year of £35m, the shares are undervalued at 385p on a p/e of 9.

Counter Products beats forecast with £1m profit

RECORD pre-tax profits, up from £430,000 to £1.01m, are reported by Counter Products Marketing, the marketing services specialist, for 1985, and are compared with a forecast of not less than £938,000.

As indicated in the placing document—the company joined the USM in September—the directors are recommending a special final dividend of 0.4375p. Stated earnings per share, before exceptional items, more than doubled to 6.8p, compared with 3.3p.

Lorlin rises 14% and buys competitor

Lorlin Electronics, Sussex-based designer of switches and connectors has announced an agreement to acquire Electronic Interconnection Ltd. The USM-quoted company is paying £230,000, satisfied by the issue of 160,000 shares.

ELL, also based in Sussex, had profits of £83,204 on turnover of £866,773 to end-August 1985. The announcement was made with the release of Lorlin's preliminary figures for 1985 which revealed a 14 per cent increase in taxable profits to £928,000 (£812,000) on turnover up from £4m to £4.42m, an increase of 10 per cent. Earnings per 20p share came out at 11.59p (9.75p) and the directors are recommending a final dividend of 1.5p (1p).

In the second half of the year the company took steps to increase production. The directors say, however, that this took longer to implement than they would have liked and it was not until the beginning of the present year that the benefits were being seen.

They said that orders for the first two weeks of this year are 30 per cent above the comparable last year and they expect sales to be easily more than £5m, if that is maintained.

The chairman says the current year has started briskly, and the company will be working hard to consolidate the significant gains made in 1985. It looks forward to the future with optimism.

US \$40,000,000

INDUSTRIAS RESISTOL, S.A.

(Incorporated in the United Mexican States)

Floating Rate Notes Due 1988

In accordance with the provisions of the Fiscal Agency Agreement between Industrias Resistol, S.A. and Continental Illinois National Bank and Trust Company of Chicago, dated as of 8th September 1981, notice is hereby given that the Rate of Interest for the next six month Interest Period has been fixed at 9% p.a. and that the interest payable on the relevant Interest Payment Date, 19th September 1986, against Coupon No. 10 in respect of US\$50,000 nominal amount of the Notes will be US\$2,300.00 and in respect of US\$5,000 nominal amount of the Notes will be US\$230.00.

Agent Bank

First Interstate Capital Markets Limited

18th March, 1986

Select Appointments is first to buy-out of BES

BY ALICE RAWSTHORN

THE recruitment consultancy, Select Appointments, has become the first company to buy itself out of the Government's business expansion scheme, in order to expand overseas and to float on the USM next year.

In late 1985, Select Appointments raised £400,000, half its launch capital, through a business expansion scheme fund, Electra Risk Capital, which then held a 45 per cent stake in the company and 3.5 per cent of share options.

The company is now eager to expand overseas and has already begun negotiations to acquire a New York-based consultancy. Under the business expansion scheme's rules, no scheme-funded company can hold more than 49 per cent of an overseas concern.

"We can see opportunities to move into English-speaking markets in the US, Australasia and Hong Kong," said Mr. Robert Klapp, Select's managing director. "But to expand efficiently we need to hold 100 per cent of the companies in those markets, and the business expansion scheme rules prevent that."

The company's stockbrokers,

Grieverson Grant, has raised £1.3m from a group of institutional investors to buy out Electra's stake. The Electra fund investors will thus be compensated for any tax relief lost as a result of Select's withdrawal and will receive a profit on their original investment.

The institutions have now taken over Electra's stake which has been converted into preference shares and which will be converted back into ordinary shares when Select is floated on the USM in April next year.

When Select first joined the Electra fund, it operated two recruitment consultancy units with a turnover of £500,000. It now operates 19 units, spread across southern England, and for the financial year to April 5 it anticipates turnover of £6.29m and profits of £150,000.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY:
Interim: B&M, Chambers and Fargus, S. R. Gint, Farnham Zochens.
Final: Alfa-Laval, Automotive Products, Water Duncan and Goodrich, Export International, Living Properties, McLoughlin and Harvey and Watmoughs.

Media rights boost for Prestwich Holdings

THE rapidly-changing Prestwich Holdings reported pre-tax profits almost doubled in the six months to the end of December 1985, on turnover increased by more than 21 times.

From earnings per share of 2.02p, against an adjusted 2.09p, the interim payment has been increased to 0.35p (0.18p). Last year an adjusted total of 0.35p was paid on pre-tax profits of £902,000.

For the period under review the Manchester-based company had taxable profits of £813,000 (£424,000) on turnover of £11.49m (£4.35m). A breakdown of the pre-tax profits showed the media and entertainment division with £678,000 (£314,000), optical goods and services £179,000 (£123,000) and engineering £54,000 (£36,000).

Directors say that trading in media rights continued to be successful and the profitability of the media and entertainment division was enhanced by the launch of "The Video Collection" during the six months. Discussions are taking place with major mail order houses and supermarket groups to expand the new product's outlets.

comment
Prestwich is now a different group from that which generated an acceptable set of first-half results. The sale of the opticians has rid it of one of its central activities, just as the purchase of Bush has

armed it with another. Bush, while lacking any obvious synergy with Prestwich, is a rapidly expanding consumer electronics business, which in radio and hi-fi aims to be an Amstrad in miniature. The divestment of the opticians business—which only last year was in expansionist mode—seems a bit opportunistic, although the company can perhaps be forgiven for changing its strategy faced with such a good price. Meanwhile, the Video Collection has been a success, with 1m tapes sold in the last five months, and W. H. Smith and Boots now joining Woolworths as customers. Now that the contract with Heron has been terminated, albeit at a cost of over £1m, there are no limits to the number of new titles that can be added to the list. At yesterday's price of 154p the shares have recovered sharply since the beginning of the year, but the market may want to see that the new structure works before marking the shares any higher.

William Collins has acquired 100 per cent of Dove Communications of Melbourne through its Australian subsidiary, Dove, with an annual turnover of around £1m, has a significant presence in religious and educational publishing in Australia. It will be merged with Collins' liturgical interests

CAMBRIDGE ELECTRONIC INDUSTRIES PLC

Year ended 31st December	1985	1984
Turnover	£135.7m	£129.3m
Profit before taxation	£10.3m	£12.0m
Earnings per share	15.7p	21.5p
Dividends per share	7.45p	7.0p

Mr. Rupert Jones, Chairman, comments:

Difficult trading conditions were experienced during 1985 within the electronics industry. Nevertheless, group sales rose by almost 5% to £135.7 million. UK group companies experienced a small increase in profit before taxation to £11.6 million despite charging significant costs in the introduction of the chemical agent monitor. The main problem lay in the U.S.A. where a deterioration of £2.3 million occurred in Elec-Trol. As a result, overall group profit declined from £12.0 million in 1984 to £10.3 million. These results are much in line with the board's expectations at the interim stage.

Low order intake in the last quarter of 1985 has resulted in a slow start in sales in 1986 and will inevitably be reflected in the level of profit for the first half of the year. However, there are

now signs that order books are improving, both in the U.K. and the U.S.A., and this should have a beneficial effect during the second half.

Over the long-term, the group's continuing investment in higher technologies will enable it to benefit fully from the above-average growth prospects of the electronics industry.

If you would like a copy of the 1985 annual report, which will be published on 11th April, please fill in the coupon below and send to The Secretary, Cambridge Electronic Industries PLC, Botolph Claydon, 100 Hills Road, Cambridge CB2 1LQ.

Name _____

Address _____

CEI

BUDGET UPDATE?

GET IN TOUCHE!

From 3.30 pm this afternoon just key 533689 on Prestel for a minute by minute report and analysis of the Chancellor's Budget proposals from our tax advisory team.

Touche Ross

The Business Partners
Hill House, 1 Little New Street,
London EC4A 3TR.
Telephone: 01-353 8011

134 144

UK COMPANY NEWS

Davidson Pearce beats forecasts in record year

IN ITS first figures since coming to the market in October last year, Davidson Pearce Group, advertising agency, reveals record results which are higher than the forecasts at the time of the offer for sale.

Billings for 1985 rose from £84.43m to £75.57m with pre-tax profits increasing from £1.7m to £2.26m. The directors had forecast taxable profits of not less than £2.15m.

From earnings per 10p share of 3.31p (6.78p), against the forecast of 3.27p, a final dividend of 1.5p is being paid.

Mr Christopher Hawes, chairman, says the year was another of successful growth with billings, turnover and profit all records.

Growth was achieved both by development of existing business and the acquisition of new business and the agency has moved up from eight to seventh largest in the UK.

Major account gains in 1985 were Marks & Spencer, Robert Bosch and Terry's of York. These accounts are expected to make important contributions in 1986.

He adds that the direct marketing company, Davidson Pearce and Goode Direct grew

quickly during the year from small beginnings. Growth came from both its own clients and in introducing its services to a number of the agency's clients.

A major gain was its appointment to handle the Schreiber kitchen furniture account at the end of 1985.

Turnover for the 12 months rose from £50.88m to £58.73m, operating profit coming out at £2.05m (£1.62m) and net interest receivable adding a further £211,000 (£84,000). The tax charge was £960,000 (£820,000) and with minorities taking £12,000 (nil) attributable profit came out at £1.23m against £882,000 last time.

Mr Hawes says that during 1985 the group will continue to develop and expand its existing business base. New product development projects have been added from Lyons Bakeries, Lever Brothers, and Chesebrough-Pond's together with a recruitment assignment from Clitcorp Investment Bank.

This month the group added Davidson Pearce Frontline to its operations, a new subsidiary specialising in handling accounts requiring closely integrated above and below the line advertising and promotional services.

● comment

Davidson Pearce finds itself in something of a conundrum. It came to the market in November as a safe, solid, sensible member of the ephemeral advertising sector. Unfortun-

ately for Davidson Pearce investors tend not to look towards the advertising sector for safe, solid, sensible stock. Its shares have not risen as fast as those of the more ephemeral members of the sector. Virtue has gone unrewarded. Nonetheless the shares rose by 2p to 170p yesterday when its first set of publicly quoted results came in ahead of expectations.

The City expects profits of £2.7m for 1986 and a p/e of 13.5. Since the flotation the agency has won new accounts from Bosch, Schreiber and Terry's of York and new product development projects from existing clients such as Chesebrough-Pond's, Lever Bros and Lyons Bakeries. Like all the other listed agencies Davidson Pearce is eager to diversify

—it has already made sorties into direct marketing, integrated advertising and is poised to move into advertising services—but there are very few acquisition opportunities around.

Tokyo listing for BT shares

By Jurek Martin in Tokyo

British Telecom will seek a listing of its shares on the Tokyo Stock Exchange by the middle of this year. It was confirmed here yesterday.

Sir George Jefferson, BT's chairman, told a press conference that once BT's shares are fully paid, which they will be once investors have contributed their third tranche by April 9, the stock would qualify for a Tokyo listing.

Sir George added that necessary formalities with the exchange could mean a Tokyo quotation "hopefully by the middle of the year." Other BT officials thought it could be achieved by around the end of May.

The BT team is in Japan this week briefing institutional investors on Tokyo and Osaka preparatory to a listing. The Japanese had been enthusiastic buyers of the 180m shares (about 5 per cent of the total issue) allocated to Japan in the original flotation.

Although precise figures are not available, Japanese investors are understood to have held on to most of their shares, unlike US purchasers, who quickly returned their similar 180m-share allotment to the market.

Sir George suggested that a Tokyo listing would also help BT develop business relations with Japanese companies in what he described as "the liberalised telecommunications market." He said that discussions with potential partners had already taken place, but he added that no early announcements were likely.

Cable and Wireless of the UK has already set in motion its plans to secure a Tokyo Exchange listing, the first UK company to do so. Currently, 21 foreign companies are quoted on the exchange. It is considered likely that C and W will beat BT to the post in this respect.

Latest prices:

At last some help for the hard pressed Imperial shareholder. Mindful that share prices can vary daily, we are publishing a bulletin showing the value of each of the offers for your company.

In order to be perfectly fair, the values we've quoted are based on the best possible offers. Hanson's offer closes at 3pm on March 24th.

HANSON BID WORTH:

367.2p

UNITED BISCUITS BID WORTH:

335.3p

HANSON BID BETTER BY:

+31.9p

HANSON TRUST

CONTINUING GROWTH FROM BASIC BUSINESSES.

The value of Hanson Trust and United Biscuits' shares, based on their respective share prices, of the 10% convertible loan stock of Hanson and the convertible preferred shares of United Biscuits.

Beatson maintains recovery

AFTER SHOWING a return to profitability in the first half of 1985, Beatson Clark, the South Yorkshire-based glass container manufacturer, has kept up its recovery for the full year. And the dividend is being partially restored to 7.5p.

Reflecting better turnover in all areas of the business with improved productivity in the main glass container operation, the group reports a profit before tax of £1.18m for 1985—almost back to the depressed £1.22m level of 1983.

In 1984 a first-half profit of £208,000 was transformed into a year's loss of £434,000. The

proposed final dividend is 4.2p, making 7.5p against 6.8p, partially restoring the cut made from 9p in 1984.

Mr David Clark, chairman, says that the turnaround was achieved in spite of continued excess capacity in the UK glass container industry and difficult market conditions overseas.

He says that it has been decided to close one of the four furnaces and reduce the number of production lines from 13 to 11. This, he explains, will help to balance supply and demand and enable the group to compete more effectively.

The proportion of turnover

from non-glass packaging activities again increased and these businesses will continue to be expanded. The company has also established a new subsidiary, Beatson Plastics, to manufacture and supply plastic containers for the pharmaceutical products in a clean room environment.

Group turnover for the year was up from £32.1m to £34.39m. The profit was struck after interest payable of £799,000 (£390,000), but before tax of £394,000 (£364,000 credit) and an extraordinary debit last time of £1.7m. Earnings per share are 12.5p (0.5p).

Southern sales help City of Aberdeen Land

Pre-tax profits at City of Aberdeen Land Association improved significantly in the six months to December 31 1985, and the directors say this reflects the healthy state of trading in each of the group's subsidiaries.

This is particularly so in the case of the Edinburgh subsidiary where there has been a continuing improvement in performance.

Group figures show pre-tax profits advanced from £619,000 to £843,000—in the previous full year, these totalled £2.34m. Turnover in the opening half was £9.97m compared with £8.19m. After tax of £220,000 (£217,000), attributable profits were £223,000 compared with £402,000.

An interim dividend, as forecast in January, of 6p (5.46p equivalent) will be paid. Stated earnings per 50p share improved from an adjusted 19.3p to 25.2p.

Sales for the period continued at an acceptable rate throughout the group, but the directors point out that the high increase in sales prices enjoyed by Cala Homes (Southern) has not occurred in Scotland.

The market in Aberdeen has not experienced the same buoyancy as in earlier years, but the directors are confident that this subsidiary will contribute significantly to group profits.

Company Notices

RIGGS NATIONAL CORPORATION
\$60,000,000

Floating rate subordinated notes 1986.
In accordance with the provisions of the notes, notice is hereby given that for the period March 18th 1986 to June 18th 1986, the notes will carry a rate of interest of 7½% per annum with a coupon amount of \$198.06.

Chemical Bank
as Agent

CREDIT FONCIER DE FRANCE
US\$350,000,000

Floating Rate Note due 1997

In accordance with the provisions of the notes, notice is hereby given that for the six months period from October 9 1985 to April 14 1986 the interest amount per US\$100,000 to be paid on April 14 1986 is US\$419.34. Interest on the notes is subject to a minimum interest rate of 5 per cent per annum.

Legal Notices

CRUSTY LOAF BAKERS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985, that a meeting of the creditors of Crusty Loaf Bakers Limited will be held at the Offices of Leonard Curtis & Partners, 46 Rodney Street, Liverpool L1 9AA, on Tuesday the 25th day of March 1986 at 11.00 o'clock in the forenoon, for the purpose provided for in Sections 583 and 590.

Dated the 7th day of March 1986.
P. CAINE
Director.

DAVIES & METCALFE plc
NOTICE IS HEREBY GIVEN that the 1985 AGM of DAVIES & METCALFE plc will be held on 21st April 1986 at 2.30pm at the offices of the company, 10th Floor, 100 Broad Street, Birmingham B1 2HT.

Director: Works
Romiley, Cheshire

DIOMOSIA EPIHRISIS ELEKTRISMOU
(Public Power Corporation)

US\$180,000,000 Floating Rate Notes due 1997.
NOTICE IS HEREBY GIVEN that for the interest period commencing on 15th March, 1986 the U.S. dollar notes will bear interest at the rate of 7½% per annum. The interest payable on 15th June, 1986 against Coupon No. 3 will be U.S.\$18,000,000 per U.S.\$1,000 nominal.

Financial Agent
ORION ROYAL BANK LTD.

DIOMOSIA EPIHRISIS ELEKTRISMOU
(Public Power Corporation)

ECU denominated Floating Rate Notes due 1997.
NOTICE IS HEREBY GIVEN that for the interest period commencing on 15th March, 1986 the ECU Notes will bear interest at the rate of 9½% per annum. The interest payable on 15th June, 1986 against Coupon No. 5 will be ECU 24,507,222 per ECU 1,000 nominal.

Financial Agent
ORION ROYAL BANK LTD.

CANON INC

Advice has been received from Tokyo that the 1985 Ordinary General Meeting of Shareholders of the Company will be held at The Head Office of the Company, 20-2, Shinjuku 2-Chome, Chuo-Ku, Tokyo 162, at 9 a.m. on Friday 28th March 1986.

Matters to be Reported

Report on the Business Report, Balance Sheet and Income Statement for the 65th business year from January 1st, 1985 to December 31st 1985.

Matters to be Resolved

Proposition: Approval of the Profit Appropriation plan for the 65th business year.

Holders of Depositary Receipts to Bearer (EDR's & BDR's) wishing to exercise their voting rights in respect of the Shares represented by the Receipts held by them are reminded that, in accordance with clause 6 of the Conditions, they must lodge their Receipts with Hill Samuel & Co Limited, by 3 p.m., 21st March 1986, or with one of the sub-agents by 5 p.m., 20th March 1986, where lodgement forms are available. Voting Rights may only be exercised in respect of Depositary Receipts representing Ordinary shares on the register as at 31st December 1985.

Copies of the full text of the Notice convening the meeting are available if required.

Hill Samuel & Co Limited,
45, Beach Street,
London EC2P 2LX.

Cement - Roadstone

FURTHER IMPROVED PROFITS

	1985 (IRE)	1984	Increase
Sales	£529.8m	£476.3m	+11.2%
Pre-tax Profit	£ 27.6m	£ 20.1m	+37.4%
Earnings per Share	9.33p	8.11p	+15.0%
Dividend per Share	3.15p	2.70p	+16.7%

"In the United States we doubled our size and our profits."

"Our balance sheet is strong and our cash flow good. We plan, by developing our existing businesses and by acquisition, to continue our growth."



Cement - Roadstone Holdings PLC

This announcement appears as a matter of record only

SETTSU EUROPE B.V.

AMSTERDAM, THE NETHERLANDS
(Wholly-owned by Settsu Paperboard Mfg. Co., Ltd.)

Zero Coupon Bonds 1986-2001

of Swiss Francs 100,000,000.-

due March 5, 2001

Guaranteed by

THE INDUSTRIAL BANK OF JAPAN, LIMITED

CREDIT SUISSE

Union Bank of Switzerland

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Messrs A. Sarasin & Cie.

Daiwa (Switzerland) Ltd.
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Finance AG

Bank Leu Ltd.

Private Bank and Trust
Company

Swiss Cantonalbanks

Nomura (Switzerland) Ltd.
The Industrial Bank
of Japan (Switzerland)
Limited

Swiss Bank Corporation

Members of the Groupement
des Banquiers Privés Genevois

Members of the Groupement
de Banquiers Privés Zurichois

Yamaichi (Switzerland) Ltd.
Bank of Tokyo (Schweiz) AG

NOTICE OF PREPAYMENT

The Sumitomo Bank, Limited
(Incorporated with Limited Liability in Japan)

**U.S. \$20,000,000
Callable Negotiable Floating Rate
Dollar Certificates of Deposit**

No. SB 210001 - 210040 issued on 20th April, 1982.
Maturity 24th April, 1987. Callable in April, 1986.

Notice is hereby given that in accordance with Clause 3 of the Certificates of Deposit (the "Certificates"), The Sumitomo Bank, Limited ("the Bank") will prepay all outstanding Certificates on 24th April, 1986 (the "Prepayment Date"), at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank.

Interest will cease to accrue on the Certificates on the Prepayment Date.

18th March, 1986

Temple Court, 11 Queen Victoria Street,
London EC4A 3TA.

Granville & Co. Limited

Member of The National Association of Security Dealers
and Investment Managers

8 Lovat Lane London EC3R 8BP

Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross Yield	P/E	Fully
146	118	Ass. Brit. Ind. Ord.	134	7.2	5.4	8.2	7.7
151	121	Ass. Brit. Ind. CULS	129	10.0	7.2	—	—
75	43	Amstrad Group	71	5.4	9.0	11.8	15.4
46	33	Armitage and Rhodes	35	4.3	12.3	4.3	5.2
174	108	Bardon Hill	174	4.3	2.3	22.0	22.9
64	42	Bry Technology	56	3.9	7.0	6.9	7.8
201	136	CCL Ordinary	138	12.0	8.7	3.4	3.2
152	97	CCL 11pc Conv. Pref.	99	15.7	15.9	—	—
142	80	Carbonium Ord.	142	4.3	3.5	7.0	11.0
34	83	Carbonium 7.5pc Pf.	91	10.7	11.8	—	—
86	46	Debonair Services	87	7.0	12.3	5.9	7.8
32	20	Frederick Parker Group	23	—	—	—	—
105	50	George Blair	105	4.0	4.8	4.3	7.8
88	20	Ind. Precision Castings	63	15.0	9.1	12.7	10.9
218	161	Isis Group	168	5.5	4.8	8.1	8.1
122	101	Jackson Group	120	10.0	4.4	10.8	10.8
245	228	James Burrough	242	2	12.8	13.4	—
96	85	John Burrough & Co.	83	6.0	7.9	5.0	7.9
1200	570	Minihouse Holding NV	1180	+80	6.8	0.8	61.5
82	32	Robert Jenkins	67	—	—	8.7	18.1
34	28	Scrutons "A"	30	—	—	—	7.7
87	68	Tanday and Carville	68	5.0	7.2	3.5	6.3
370	320	Trevian Holdings	330	7.8	2.4	6.9	9.1
53	26	Unilock Holdings	51	2.1	4.7	12.9	13.8
138	93	Walter Alexander	138	+1	8.6	6.2	7.9
226	195	W. S. Yeates	200	17.4	8.7	5.7	9.8

US problems cut profits at Cambridge Electronics

PROBLEMS with its US offshoot Elec-Trol hit profits at Cambridge Electronic Industries in 1985. The US company suffered a downturn of £2.3m into losses of £1.5m in its results and CEI's pre-tax profits fell from £12.01m to £10.63m. The result was in line with the board's expectations at the interim stage.

However, the board says that it has a dividend policy of steady growth, disregarding short-term fluctuations, and with confidence in the group's long-term development an increased final payment of 5.25p (4.83p) is being recommended, making a total for the year of 7.45p (7p).

The results were achieved on turnover which rose from £129.3m to £188.7m. The dividend is being paid from earnings per share of 15.7p, down from the previous year's 21.5p.

Mr. Rupert Jones, chairman, says that low order intake in the last quarter of the year under review continued into the present year "and will inevitably be reflected in the level of profit for the first half of the year." He adds, however, that there are signs that order books are improving both in the UK and the US and this should result in an improvement in the second half. He adds that UK companies within the group saw a small increase in pre-tax profit to

£11.6m, despite charging significant costs in the introduction of its chemical agent monitor. A breakdown of turnover reveals electronic and electrical components contributed £83.33m (£76.42m), defence and electronic systems £37.96m (£28.07m) and specialist operations £28.36m (£24.34m). The trading profit breakdown was electronic and electrical £4.88m (£3.58m), defence and electronic systems £2.89m (£1.85m) and specialist operation £2.83m (£1.9m), making a total of £10.63m (£12.33m).

The pre-tax figure was struck after net interest charges of £354,000 (£317,000). The tax charge was £4.14m (£3.96m) and with minority interest taking £288,000 (£316,000) and an extraordinary charge of £359,000 (£887,000) attributable profits came out at £5.51m, against £6.75m for the previous year.

The directors say that the second half of the present year will see the first substantial deliveries of the chemical agent monitor to the Ministry of Defence and further orders have been received from other customers.

They add that in the long-term the group's continuing investment in higher technologies will enable it to benefit

fully from the above-average growth prospects in the electronics industry.

● comment

With more than half Cambridge Electronic Industries' turnover coming from electronic components, a decline in profits was more or less inevitable: analysts' forecasts had been edging down throughout the second half and the final prognosis turned out to be accurate. The most severe setback was at Elec-Trol, where the previous year's profits of £1m turned into losses of about £1.5m. Profits on UK components also fell by about £1m, and defence activities took a £850,000 loss from delay in bringing the CAM nerve gas sniffer into production. The current year should bring a recovery: the first half is likely to bring a further downturn, but with a cost-cutting exercise in progress at Elec-Trol and the components market on an upturn, a significant improvement can be expected. The gas sniffer could also contribute around £1m in its first year of production. A cautious £13m has the shares, down 10p at 305p, looking fairly valued on a prospective p/e of 14 after a 35 per cent tax charge.

Thomas Jourdan ahead of forecast

COMPARED with a forecast, at the time of the Lion Group acquisition last October, of not less than £1.1m, taxable profits of Thomas Jourdan, trouser presses, nursery products, holder of Mary Quant royalties contracts, moved ahead to £1.35m for the year ended December 28 1985, against £837,000.

The directors say that the group is currently operating from a base much strengthened since a year ago, all subsidiaries continue to trade profitably.

Turnover expanded by 28 per cent to £11.21m (£8.67m). After tax of £385,000 (£365,000) earnings per share are shown as 18.8p (9.69p) while the dividend is stepped up to 7.35p (6.3p) with a final payment of 5.25p. Also proposed is a one-for-one scrip issue.

After the tax charge and an extraordinary debit, last time, of £42,000, available profits came through at £968,000 (£430,000).

● comment

Thomas Jourdan's shares have flourished with the market's newfound enthusiasm for conglomerates and yesterday's results added a filip of 28p to 195p. The company's activities now centre on four key areas: prams, fireplaces, brushes and trouser presses. It is now scouting about for a fifth, ideally a manufacturer and wholesaler of consumer products, but like any conglomerate Thomas Jourdan is not fussy about what sort of consumer products it manufactures and wholesales.

The royalties from Mary Quant cosmetics and hosiery, once the backbone of the business, contributed just £250,000 to earnings last year. Mary Quant's prospects are dogged by the internal problems of Max Factor, which manufactures and markets its products, and Thomas Jourdan is eager to end the counter-holding agreement with Mary Quant Holdings as quickly as possible. The City expects profits of £16.5m and a p/e of 9.5 for 1986, although much will depend on how swiftly Thomas Jourdan can turn around the recently acquired Lion Brush Works, and on the nature of its next acquisition.

Pittard expands 21% to £2.7m.

ALTHOUGH the international demand for leather goods was generally patchy throughout 1985, Pittard Group, Somerset based leather manufacturer, lifted taxable profits by 21 per cent from £2.21m to £2.67m. Turnover expanded to £40.98m, against £34.83m, a rise of 17.6 per cent.

Mr. David Macdonald, chairman, says that some of the group's manufacturing customers continued to be very busy, while others were unable to maintain the improvement in volume achieved in the previous year. He adds that significant currency fluctuations also contributed to trading uncertainties both in the UK and overseas.

Demand for the group's products continues to be very strong, the chairman states, with the order book well up on this time last year, but he sounds a cautionary note about the uncertainty over exchange rates.

"With a strong balance sheet and exciting plans to carry out major improvements to our production capacity we look forward with confidence to the challenges of the future," Mr. Macdonald says.

After the year's tax charge of £595,000, compared with £372,000, earnings are shown to have risen from an adjusted £1.75m to £2.45m. The dividend is, in effect, increased from an equivalent 3.3p to 3.72p with a final payment of 2.76p. The chairman reveals that directors have agreed, in principle, to a major rebuilding, in

the bovine division, of the group's factory at Irthingborough in Northamptonshire, at a total cost of some £4.5m. The funds needed to undertake the project can be found from group resources and available bank facilities.

● comment

Pittard appear to be doing the right things. In a notoriously cyclical trade the company has sought to corner a useful niche (water-resistant gloves and leather goods), reduced interest payments by a £2.2m preference share issue and is investing to cut production costs. American golfers love the gloves — hence almost a quarter of group sales going to the US — and the UK's airforce pilots find Pittard's leathers the nicest to have next to their chins. The unfashionable, undreamable, non-conventible pref stock was deemed to be the cheapest way of raising funds and will hopefully see the company through its two-year £4.5m factory rebuilding programme without capital gearing having to pass the half-full mark. For 1986 the target should be £3.2m pre-tax which has the shares at 94p, up 6p, trading on a prospective p/e of 8 given a more standard target of 35 per cent. The yield almost matches the earnings multiple and should give some support for a slightly higher rating — the quality of Pittard's earnings look better now that it seems less likely to plunge into the cyclical abyss.

Greenfield rises 30% to £0.24m

On turnover up by 18 per cent to £3.77m, pre-tax profits of Greenfield Holdings, tour operator and leisure group, expanded by 30 per cent to £237,000 for the year ended August 31 1985.

Each of the divisions experienced "significant business successes" during the 12 months, the directors say, a period in which some £600,000 was ploughed back by way of improvements to group hotels, Rainbow and Sutherland Lodge.

The directors add that over the past four years more than £1.7m. They point out that since the consolidation in 1983 group assets have risen from £3.2m to £5.1m.

Charlie Browns ahead by 68% to £0.3m at halfway

WITH TOTAL sales increasing by 22 per cent from £7.03m to £8.57m, Charlie Browns Car Park Centres lifted its pre-tax profits from £189,000 to £317,000 — up 68 per cent — in the six months to January 31 1986.

As forecast in the prospectus in May 1985, an interim dividend of 1p net was paid by this USM quoted West Yorkshire company. Stated earnings per 10p share improved from 2p to 3.3p.

Supermarkets and fittings contributed £5.85m (£4.44m) to sales, with £2.72m (£2.58m) coming from petrol. Operating profit was £394,000 against £281,000. The pre-tax figure

was after lower interest charges of £77,000 (£92,000). After tax of £122,000 compared with £88,000, attributable profits were up by £94,000 to £195,000.

Mr. Andrew Birstow, the chairman, says further progress has been made in enlarging the network of retail outlets, and during the half-year, new fully equipped branches were opened at Darlington, Cheadle, Oldham, Sale, Northampton and Dewsbury, bringing the number of branches to 38. Four more outlets are planned for the current half-year, one of which, at Stockton, will open for trading next week.

He says that the prospects for the full year are very encouraging.

Record for Metalrax

Metalrax Group, the Birmingham-based engineering group, has reported record results for the second successive year to the end of December 1985.

On turnover up by 15 per cent from £30.15m to £34.67m pre-tax profits came out at £3.56m, an increase of 16 per cent on last year's £3.06m. From earnings per 5p share of 6.55p (5.82p) the directors are recommending a final payment of 1.75p, against an adjusted 1.45p, making a total for the year of 2.45p (2.06p).

And for the 17th year in succession a one-for-ten scrip issue is being made.

The directors tell shareholders that the company has

now recorded four years of increased profits, more than doubling the pre-tax figure in that period.

NOTICE OF INTEREST RATE

To the Holders of International Bank for Reconstruction and Development Undated U.S. Dollar Floating Rate Notes of 1983

In accordance with the provisions of the Notes, notice is hereby given that the above Notes will bear interest for the period from March 12, 1986 to July 12, 1986 at a rate of 10.00% per annum (or such other rate as may be determined by the International Bank for Reconstruction and Development from time to time) in respect of each \$250,000 principal amount of Notes.

MORGAN GUARANTY TRUST COMPANY of New York, Fiscal Agent
Dated March 12, 1986

NOTICE OF REDEMPTION

RCA International Development Corporation

5% Guaranteed Sinking Fund Debentures Due 1988

(Convertible on and after May 1, 1969 into Common Stock of Radio Corporation of America (now RCA Corporation))

Redemption Date: May 7, 1986

Conversion Right Expires at the Close of Business on May 7, 1986

NOTICE IS HEREBY GIVEN that, in accordance with the provisions of Section 3.02 of the Indenture, dated as of February 1, 1968, among RCA International Development Corporation; Radio Corporation of America (now RCA Corporation), Guarantor; and First National City Bank (now Citibank, N.A.), Trustee, the entire principal amount outstanding of the above captioned Debentures (the "Debentures") will be redeemed at the close of business on May 7, 1986 at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest from February 1, 1986 to May 7, 1986 of \$13.333 for each \$1,000 principal amount of Debentures, for a total redemption payment of \$1,013.333 for such amount of Debentures.

At the close of business on May 7, 1986 the Debentures will become due and payable at the redemption price upon presentation and surrender of the Debentures with all coupons maturing after the redemption date at the office of the Trustee, Citibank, N.A., 111 Wall Street, Fifth Floor, Corporate Trust Services, New York, New York 10043 or at the offices of the paying and conversion agents as listed below.

Paying and Conversion Agents

Citibank, N.A.
111 Wall Street
5th Floor - Corporate Trust Services
New York, New York 10043

Citibank, N.A.
Citibank House
336 Strand
London WC2R 1HB

Citibank, N.A.
Avenue de Tervuren, 249
B-1150 Brussels
Citibank, N.A.
Foro Buonaparte 16 (20121)
Milan

Citibank, N.A.
Herengracht 545/549
Amsterdam
Citibank, N.A.
Citicenter
19 Le Parvis
La Defense 7
Paris

Citibank, N.A.
Neue Mainzer Strasse 40/42
D-6000 Frankfurt/Main 1
Banque Paribas pour le Grand-Duché
de Luxembourg, S.A.
10 A Boulevard Royal
Luxembourg

On and after May 7, 1986, interest on the Debentures shall cease to accrue.

Holders have the right to convert the Debentures into fully-paid and non-assessable shares (calculated to the nearest 1/1000th of a share) of RCA Corporation Common Stock at the conversion price of \$52.40 per share by presenting to any of the conversion agents listed above, prior to the close of business on May 7, 1986, Debentures with (i) all coupons maturing after the conversion date and (ii) a form of notice of election to convert, properly completed as indicated on the back of each Debenture. At the current conversion price, each \$1,000 principal amount of Debentures is convertible into approximately 19.084 shares of RCA Common Stock.

No fractional share will be issued upon conversion. Instead an equivalent amount will be paid in cash, based on the market price of RCA Common Stock at the close of business on the day preceding conversion. No accrued and unpaid interest will be paid on Debentures that are converted, and no dividends declared prior to this Notice will be paid on RCA Common Stock issued upon conversion after March 17, 1986.

The right to convert will expire at the close of business on May 7, 1986, the redemption date, and any Debentures that are not converted prior to that time will be redeemed. As long as the market price of RCA Common Stock is at or above \$53.23 per share, Common Stock (including cash paid in lieu of fractional shares) received upon conversion will have a market value greater than cash received upon redemption.

RCA Corporation (the Guarantor), General Electric Company, and Gesub, Inc. (a wholly-owned General Electric subsidiary) have entered into a merger agreement dated December 11, 1985 which provides that, if and when the merger is consummated, each share of RCA Corporation Common Stock will be converted into the right to receive \$66.50 in cash.

RCA International Development Corporation

March 18, 1986

Important: Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the paying agent has the correct tax identification number (social security or employer identification number) or an exemption certificate from the payer. If you surrender your Debentures for payment in the United States, please furnish a properly completed Form W-9 or exemption certificate or equivalent.

Offer to shareholders in

WILH. SONESSON AB

to transfer their shares to

AB VOLVO

Terms

For every share transferred a shareholder will receive a cash payment of SEK 190. No brokerage commission in Sweden will be charged. Full details of the offer are available from the banks listed below.

Condition precedent

The offer by Volvo is conditional upon Volvo receiving sufficient acceptance to take its holding shares in Wilh Soneesson AB to a total which represents more than 90 per cent of the number of shares outstanding. Volvo does, however, reserve the right to waive this condition.

Method of acceptance

Shareholders wishing to accept the offer should lodge an application form, which can be obtained from the banks mentioned, duly completed, and together with the relevant share certificates evidencing their holding in Wilh Soneesson AB duly endorsed in blank to:

PKChristiana Bank or PKbanken or Göteborgen
9 King Street Issue Department
London EC2V 8EA S-103 71 Stockholm S-103 77 Stockholm
Applications must be lodged during the period 17 March-11th April 1986.

Completion

As soon as practicable after satisfaction of the condition precedent described above applicants will receive the appropriate contract note and cash payment on presentation of the form of receipt at the bank where it was issued. It is anticipated that this will be possible from the beginning of May, 1986.

VOLVO

FRIED. KRUPP GMBH

Essen

has purchased
50.1% of the equity of

WERNER & PFLEIDERER

Stuttgart

The MATUSCHKA-GROUP
(TRV-Beteiligungsverwaltung GmbH)
has advised the partners of
Werner & Pfeleiderer in this transaction.

February, 1986

FINANCIAL TIMES SURVEY

Tuesday March 18 1986

Textile Maintenance

Dry cleaning and laundering are regarded as the backbone of the industry but growth is coming from new areas such as workwear rentals and dustmats

Fresh routes for expansion

By Anthony Moreton

AFTER FIVE difficult years the textile maintenance industry is on the verge of recovery. Rapid expansion in several directions in the 1970s left the industry vulnerable when the recession arrived and the industry found itself having to contend with surplus capacity, leading to severe price competition, when demand dropped.

Many concerns went out of business and others consolidated through mergers. The most important merger was that between Initial and Advance Services early in 1985, both associated with BET, which owned Advance and had a 42 per cent stake in Initial at the time of the merger. In addition, Johnson Group Cleaners has proved a master at fending off unwanted bids in recent years.

Textile maintenance is the commercial servicing of textiles, a definition which is both too narrow and too wide. Too wide because it would include laundering and dry cleaning, some of which is geared to the domestic market; too narrow because the industry has diversified in recent years to incorporate a range of washroom facilities rather than the provision of, for instance, roller towels and paper tissues. Electric hand-driers and air fresheners are now commonly associated with the sector, though, to the purist, they are in no way "textiles".

Dry cleaning is the most important part of the business in turnover terms with laundering an important adjunct. It is

followed by workwear rental, cabinet towel rental, linen rental, dustmat rental, industrial wipes and a range of ancillary services such as soap dispensers and flat towels.

The Association of British Launderers and Cleaners and Rental Services (ABLCRS), the industry's trade association, has estimated that turnover in 1984, the last full year for which figures are available, was £508m, the figure having only slowly moved up to this point over the previous three years. In 1981 it was estimated to have been £480m. In real terms, there was clearly a drop in activity.

A slightly different, but not totally dissimilar figure was published by the Monopolies Commission in February 1985 when presenting its report on the proposed merger between Initial and Advance. This put the turnover in 1983 at £510m. However, within this total, dry cleaning amounted to £150m and laundering to £360m and since 15 to 20 per cent of these two sectors would have been geared to the domestic sector it seems that the commercial textile maintenance field might have been about £470m in 1983.

Extracting dry cleaning/laundry from the industry figures as presented in the Monopolies Commission report the industry is now dominated by Initial-Advance which is responsible for just over a quarter of turnover. Other leading companies, in order of precedence, are Fritchard (which includes Spring Grove and United Linen) with £30.3m, Sunlight, Sketchley, Johnson and Smart, Barrow-in-Furness-based Lake-

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land Pennine is a strong regional group with branches throughout the North.

Of the "true" textile maintenance sectors workwear rental is the leading area with £125m turnover, and Initial-Advance and Sketchley the leading companies in it. The leading six account for about two-thirds of this sector's turnover.

Cabinet towel rental amounts to £62m turnover with the leading six accounting for 90 per cent of the trade. Linen rental comes to £50m, with the turnover being fairly equally shared between the leading six and the rest, with dustmat rental, industrial wipes and ancillary services each accounting for somewhere between £20m and £30m turnover and each dominated by the big concerns.

The problem with trying to be categorical is that the big companies have increasingly diversified into ancillary services and although Initial-Advance is now the dominant company in the

sector everyone is trying to find ways to present complete packages for clients.

The first major diversification was into warm-air driers, a subject on which there are divergent views both within and without the industry. However, in busy areas, such as motorway stations, where usage is high and the cost of replacement or servicing, expensive, these driers have their place.

Initial went into warm-air driers seven years ago and claims it is a growing sector and has reached the point where it makes 90 per cent of everything it services.

The fastest-growing side of the industry is, however, dust mats, an area that the layman hardly appreciates. Dustmat rental originated, as did so much of the industry, in the US and the Monopolies Commission estimated there was 12 per cent growth between 1981 and 1983.

Mr Brian Thompson, managing director of Initial, says that this growth will continue because few concerns, even those with their own laundries, have the facilities to clean these mats, an increasing number of which have their own logos embossed on them and need careful treatment.

"The really exciting sector, though," according to Mr Thompson, "is workwear". In the UK, workwear is replaced about 1.2 times a week compared with between 5 and 5.5 times in the US. We have a contract with the National Coal Board to clean miners' clothing. We change the clothes every week.

"Just imagine what a miner's



Left: dry cleaning shops are now designed to offer a wide range of services but (above) there is still a place for the individual personal touch as in handling this wedding dress

outfit looks like at the end of his shift on a Friday. It would make sense to change it more frequently and I am sure the NCB will eventually accept this. We shall move in the UK much nearer the US average and that will bring great benefits for the industry."

Workwear covers a large part of the industry and that coverage is expanding. Checkout girls in Tesco or Sainsbury wear "official" jackets. British Rail porters, postmen, hotel receptionists, doctors and nurses, bus conductors, waiters and cooks are among those whose employers provide some part of their work clothing. The number is both expanding and reaching into new areas—bank staff, motor industry assembly operatives—all the time.

By contrast it would appear that cabinet towels are near their peak rise. Little growth in this sector is envisaged even though the manufacturers and renters are doing their best to inject a "fashion" element into the business, weaving colours

and patterns into the towels. If the textile maintenance industry is to prove its protagonists right and break out of its rather stagnant mould it will have to do so on the back of the service factor. Textile maintenance and textile rental is all about servicing the customer; ways will have to be found of improving the service as well as widening the field of potential customers.

This means getting nearer the customer. This is already happening in a number of directions, most obviously at the retail level where dry-cleaning shops are now incorporating shoe-repairing facilities on site as well as using space to sell similar goods such as umbrellas, shopping bags and handbags. Some companies may follow Alexandra Workwear's example and become more vertically integrated, moving into the production as well as rental of clothes. Alexandra, the Bristol-based concern which went public a year ago, has a strong lead in the produce-and-rent field.

Alexandra has also shown that fashion, style and colour matter and as workwear spreads increasingly into white-collar occupations this factor will become increasingly important. So, too, will the move towards the total-package concept—the company that offers towels, will have paper products, jackets, air fresheners in its portfolio.

There will probably, too, be an increasing move into non-textile areas by the companies which dominate the textile maintenance field. Initial already has about a third of its 27,000 workforce in industrial cleaning and it would appear sensible for the industry to look to this area as a means of diversification.

Further mergers are possible, especially of the medium-sized concerns by the larger companies. The small company, with a turnover of around £2m, is probably safe from predators because it has a niche in the market. But the middle ranking concern could find itself in trouble as the bigger companies increasingly instal new

and expensive machinery. The name of the game in future will be throughput, to benefit from economies of scale and it is not difficult to envisage the industry going along the path taken a decade or more ago by the bakers, consolidating production (that is, the actual cleaning) in large regional centres.

The industry had hopes five years ago that privatisation of government-owned or run facilities would be a Nirvana. But it was not to be and many are sceptical now about the gains to be had. The main area the companies were looking to was the National Health Service and there are bitter complaints that, while paying lip service towards privatisation, regional health authorities have in fact been obstructive.

The association is working hard on individual authorities, but the outlook at the moment is not bright. This is in contrast to the general overview, which seems to point in the direction of renewed growth after a difficult half-decade.

HAND TOWELS - BATH TOWELS
TWIN TOILET ROLL HOLDERS
MAXI TOILET ROLL HOLDERS
WARM AIR DRYERS - MULTI FOLD
HAND TOWELS - CENTRE FEED
PAPER TOWELS - INSTANT-
ANEOUS HAND WASHERS
FACTORY CLEANING - HOSPITAL
CLEANING - HOSPITAL WARD
SUPPORT SERVICES - OFFICE
CLEANING - PEST CONTROL
SEWER BAITING - STREET
SWEEPING - REFUSE COLLECTING

GARDENING AND WEED
CONTROL - TOILET CLEANING
EMERGENCY SERVICES BUILD-
ING CLEANING - SEWER
SURVEYING - RESTAURANT, PUB
AND CANTINE CLEANING FOOD
PREPARATION EQUIPMENT
CLEANING - JANITORIAL
SUPPLIES - DRAIN CLEANING
JANITORIAL SERVICES - CLEAN-
ING CLOTHS - POLYVISCOS
DUST MATS - HIGHTWIST
DUSTMATS - POSTER MATS
POLYCOTTON COATS - LADIES
COTTON DRILL COATS
POLYCOTTON TRIM COATS
AIR FRESHENER - BARRIER
CREAMS - BLEACHES - BOOTS
BRUSHES - BRUSH HANDLES
BRUSH HEADS - BUCKETS
CHAMOIS - CHANNEL BLOCKS
CLEANING CLOTHS - COFFEE
CORDIALS - CUPS AND SAUCERS
DEGREASERS - DETERGENTS
DISH CLOTHS - DISINFECTANTS
DUSTBINS - DUSTERS - EAR
PROTECTION - EYE PROTECTION
FACE PROTECTION - FIRST AID
KITS - FLOOR CLEANERS - FLOOR
CLOTHS - FLOOR POLISH
FLUORESCENT TUBES - FOOT-
WEAR - FURNITURE POLISH
GENERAL PURPOSE CLEANERS
GLASSES - GOGGLES - HAND
CLEANERS - HAND CLEANER
DISPENSERS - HEAD PROTEC-
TION - INSECTICIDE - KITCHEN
TOWELS - LIGHT BULBS - LONG
COATS - MUGS - AIR
CLEANING - CARTRIDGE SOAP
SOAP DISPENSERS - CABINET
TOWELS - AIR FRESHENING
POLYESTER CONTRAST - POLY-
COTTON APRONS - PLAIN
TABARDS - CONTRAST TABARDS
POLYCOTTON TROUSERS
HEADWEAR - POLYCOTTON
TUNICS - POLYCOTTON COATS

SLOW SCAN SECURITY SURVEILLANCE - INTRUDER SENSITIVE SECURITY SURVEILLANCE - VIDEO PRINTER - VIDEO CAMERAS - TV MONITORS - CAMERA LENS - TELEMETRY SYSTEMS - SECURITY SERVICES
PRODUCTION LINE SURVEILLANCE SYSTEMS - DRINKS SYSTEMS - CABINET MANUFACTURE - TEXTILE MANUFACTURE - NUMERICALLY CONTROLLED TURRET PRESS - MOP MANUFACTURE
VEHICLE FLEET SERVICES - GAS AND WATER PIPELINE SERVICES - FUMIGATION SERVICES - AIR FRESHENER - BARRIER CREAMS - BLEACHES - BOOTS - BRUSHES - BRUSH HANDLES
MENS COTTON DRILL COATS - MENS POLYCOTTON COATS - POLYCOTTON COVERALLS - COTTON COVERALLS - FLAME RETARDANT COVERALLS

Initial. Bringing hygiene to work, around the world.

As leaders in hygiene and environmental care services, Initial has 154 locations in the UK and is also represented in Australia, Belgium, France, Germany, Holland, Malaysia, Netherlands, the Republic of Ireland, Saudi Arabia, Singapore, Spain and USA.

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Harefield Grove
Rickmansworth Road
Harefield UB9 6QS
Tel: 089 582 3838
Fax: 089 582 3839

A BET INDUSTRIAL SERVICES COMPANY

Textile Maintenance 2

Workwear gives smarter returns

Rental market

ANTHONY MORETON

THE RENTAL market is dominated by the workwear, or garment, sector. This probably accounts for about 35 per cent of the total rental field outside laundering and dry-cleaning though it is impossible to be too specific since figures in an industry, which is dominated by a small number of large concerns, are yet fragmented by a large number of small ones are hard to come by.

There are five main sectors to the industry and the figures were reported by the Monopolies Commission in its adjudication on the BET bid for Initial.

WORKWEAR

This sector has gone through a sticky patch during the recession, both because companies have been less inclined to provide clothes for employees as they sought to cut costs and

because the number of people in work has declined as unemployment has risen. Even so, this is still thought to be a sector full of possibilities and one in which encouraging growth is likely.

It has been estimated that between 8m and 10m people have some or all of their clothes provided by their employers, ranging from policemen to car-hire companies. The sector is dominated by BET's textile services division which was formed by the Initial-Advance merger, Sketchley and Pritchard and most of the companies buy-in and then rent on.

The sector has seen the emergence in recent years of one or two companies which make and rent-out their own clothes, of which Alexandra is probably the most important. Alexandra, Bristol-based but with all its manufacturing facilities in Scotland, has been growing very fast and is becoming an important influence in this field.

Its strength is its computerised operation and the fact

that it promises to get clothes in small batches to customers within days rather than weeks. Although this sector has seen volume decline this has almost entirely been at the heavy end of the business. Lighter-weight clothes, to hospitals or hotels, for instance, has at least held its own through the recession and is now moving forward.

Workwear may be cleaned either by laundering or dry-cleaning though as the industry is increasingly using lighter-weight fabrics, especially poly-cottons, there has been a slight shift towards laundering. It has been predicted that this trend will continue and that eventually the vast majority of the clothes will be washed.

According to the Monopolies Commission report, the two sides of the business also tend to be delivered separately and processed in large specialised plants dealing solely with workwear.

Smaller contracts, covering lighter, cleaner garments, are more likely to be collected together with other items and processed in plants laundering a range of products.

The growth in the industry is likely to come from British patterns repeating American experience. It has been estimated that garments are replaced around five times a week in the US compared with 1.0 to 1.5 times a week in the UK. The US as a nation is a lot more cleaning conscious but there is a feeling that British users are moving increasingly in American directions.

Considerable spare capacity is thought to exist as a result of the recession.

CABINET TOWELS

Turnover about \$62m in 1983, dominated by Industrial Advance with over 60 per cent of the market, followed by Pritchard through its Spring Grove subsidiary, with 11 per cent.

This sector is thought to have approached saturation and is under strong pressure from warm-air driers and, in some instances, paper tissues. Paper has undoubtedly advantages in dry industrial processes.

Warm-air driers have become a competitive force not just because of maintenance in heavy-user areas, such as bus stations, airports and other public places, but also because they are almost certainly cheaper at higher levels of use. They do not have to be serviced so often, an advantage that undoubtedly helps to offset the higher capital cost.

Cabinet towels tend to be associated with large laundering plants and therefore the large companies have a definite advantage over their smaller competitors. They also have a more comprehensive, nation-wide service system which gives them a lead over competitors as well.

To counter the probable saturation of the market, they have been attempting to stimulate interest in the service by providing fancy-coloured and patterned towels.

Paper towels tend to be more in evidence where hygiene is of major importance and so have a large share of the market in hospitals and food-processing companies. Three companies, Bowater-Scott, British Tissues and Kimberley-Clark, dominate the supply side.

DUST MATS

Outside the industry this is a little-considered sector. Nevertheless, it is a growing one and, again, if American experience is followed it should be one of considerable potential. Most of the companies in the industry have earmarked it for good growth.

In 1983 turnover was estimated to have been around \$20m with Initial/Advance accounting for half the market followed at a considerable distance, by Pritchard and Smarts. Dust mats are rubber-backed mats of cotton or nylon,

specially designed to trap dirt and soil and entrance points to buildings. They are collected weekly and impregnated during processing with a special compound that helps to absorb dirt. There has been a tendency for companies to want either their own logo on the mats or for a word (such as Welcome) or words to be incorporated into them.

The problem of this sector is that of cabinet towels; a small number of items has to be picked up from a large number of outlets at regular intervals. Control over service is vital.

INDUSTRIAL WIPES

Even less appreciated by the layman than dust mats, wipes still formed a \$20m a year market in 1983 according to the Monopolies Commission report, with Initial dominating with three-quarters of the market. The only other competitor of size was Pritchard.

The sector deals, essentially, with heavy industry and, in particular, with toxic substances. It is highly specialised and needs not just special plant but careful attention to effluent.

LINEN HIRE

This market is very much geared to the hotel and restaurant businesses and so to the tourist trade. Increasing numbers of visitors coming to Britain, in particular, are thought to be an encouraging barometer of the sector's likely success.

In 1983 turnover was about \$50m with Sunlight accounting for a quarter of the business but this is the one industrial and commercial sectors where the small concerns have the larger share of the market. The Savoy Hotel group, for instance, has its own laundry which undertakes all its own work.

There is thought to be some spare capacity in the London area, but as London is the dominant force in the tourist market any expansion of business will benefit those concerns operating in the capital.



The specialist carves out a lucrative niche

Buying versus Rental

ALEXANDRA BUXTON

EMPLOYERS looking at the pros and cons of buying or renting workwear face a choice familiar to anyone who has acquired a television set. The buying alternative may well prove cheaper in the long run yet the initial capital outlay is high, and servicing and replacement may prove a time-consuming problem.

The National Coal Board faced this question in 1983 when it considered the alternatives on offer. It opted to go for a rental service provided by a combination of eight different companies who share the \$9.5m (1983 estimate) a year contract.

The board and the miners were relieved of the major headache of providing and laundering work clothing. Any decline in the size of the workforce could be met by a correspondingly reduced service rather than a sudden surplus of garments.

In the case of the NCB and other employers, the provision of workwear is seen as an integral part of labour relations. Each man is measured and fitted with a choice of jacket and trousers or boiler suit and most garments are personalised.

The design, says the NCB, is for maximum safety and vis-

ibility with quick release fastenings. For men working in high temperature environment specialist fabrics, such as Nomex and Proban, are used for maximum protection. While Britain's miners still produce a greater bulk of dirty washing than any other workforce in the country, the overall decline in heavy industry has forced companies providing workwear to look at new sectors. They are following trends by aiming their services increasingly at white collar workers and even the upper echelons of management. The Sunlight group, for example, aims to clothe employees from the board room to the boiler room, offering a range from tailored suit to bib and brace.

Throughout the big groups there is a move to penetrate the growth areas, such as retailing, where firms have tended to buy employees' clothing and either provide washing machines or leave laundering responsibilities to employees themselves. McDonalds restau-

rants, for example, are fitted with washing machines operated by the staff, while Boots' employees wash their own workwear at home.

The rental service groups argue for greater specialisation: let us look after your workwear and leave you to concentrate on your own business. Sketchley, for example, bases its own employees on customers' premises to take the workwear burden off management's shoulders.

The other advantage in using a specialist is that a company can be sure of expert advice on garment design and cloth type. According to the Smarts Group, a correct choice will lead to greater longevity and the provision of a set of garments per employee will have the same effect.

A high standard of laundering and finishing will be ensured, enhancing the company's image. Continuity of supply is another factor cited in favour of renting. The rental company can ensure a continuous replacement service whereas an employer buying garments cannot guarantee a renewed supply of the same style and cloth if he needs them at a later date.

Image moves up market

Laundering

ALEXANDRA BUXTON

AS A NATION we are still not as well-scrubbed as the more health-conscious Americans. The major laundry groups in an effort to stimulate demand, are urging their customers to focus more intently on the clean appearance and hygiene of their workforces and through their trade body, the Association of British Laundry, Cleaning and Rental Services, may soon mount a campaign urging companies to provide employees with a daily rather than a weekly change of clothes.

The advent of the domestic washing machine brought the demise of the laundry relying on house-to-house collections; today most commercial laundries are owned or used by the workwear rental services.

An estimate from the industry puts the number of laundries in the UK at 700: 400 within the private sector and 300 within the National Health Service. This figure does not include the numerous on-premises laundries in places such as nursing homes which run large domestic-type washing machines.

Lever Industrial, which supplies 40 per cent of the detergent used by industrial laundries in the UK, expects demand to fall by some 11 per cent over the next five years. The reasons are given as further rationalisation within the seven groups which dominate the industry including privatisation of NHS units, plus greater automation.

Cost-cutting within laundries is seen as having a negative

effect with more bleach (a cheap product) and less detergent being used.

The main contractors in laundering view change in terms of the decline of the smoke stack industries — traditionally the biggest users of their services — and the emergence of new market areas in career and corporate wear. It is likely that companies will diversify further into non-laundering areas to offer the customer an ever-widening package of products and services.

Already giants like Initial Services offer rental services plus washroom and janitorial supplies, industrial cleaning, security systems, hygiene and environmental control. In laundering itself technology is making a steady impact on productivity and efficiency. The main thrust of development carried out by machine manufacturers, such as Neil and Spencer of Leatherhead, is in the areas of energy savings and automation.

There is a continuing shift in laundering away from stand-alone washer extractors to continuous tunnel washers which have improved energy and labour saving qualities. Heat recovery systems and lagging are widely used.

Automation helps to reduce the considerable (up to 50 per cent) labour costs on laundering. Finishing tunnels are replacing pressing garments are fed through the machine on hangers and "blown" into shape. The Government rental services are making increasing use of micro-processor control systems to keep track of individual garments and return them to the right user.

Liquid detergents are making

inroads into powdered products. Suppliers such as Lever argue that a liquid reduces wastage by cutting out mixing and can be more accurately controlled, particularly by using automatic dosing (measurement and application of the detergent). Liquid detergent can be delivered by tanker and fed straight into a fully automatic system.

Other innovations include disposable laundry bags with alginate stitchings, made by Enak of Horsham. The full bag is placed inside the machine where the stitches dissolve and the laundry is released. This has particular appeal within hospitals where there is danger of cross-infection. To facilitate sorting, the laundry industry's research arm, the Fabric Care Research Association has developed an automatic recognition system for textile items which are marked with bar coded labels, identifiable by laser readers.

At the opposite end of the spectrum to the increasingly automated laundering giants, Swiss Hand Services, a family business based in London, has carved out a profitable niche in hand washing and ironing as part of a high-class service with a personal touch. It specialises in made-to-measure shirts, wedding dresses and table linen. True devotees send their garments by post rather than entrust them to anyone else. To supplement its home collect-and-deliver operation, it will be launching an executive valet service to cater for business men at their city offices in the next few months.

Cost-cutting exercises

Dry cleaning

ALEXANDRA BUXTON

IN TEXTILES, the influence of fashion is everywhere—even in demand for dry cleaning. The rise of man-made fibres brought more machine washable clothing on to the market.

The swing back to natural fibres, such as cotton and wool, has been good for dry cleaners as, too, has the mass market clothing retailers' move into higher quality garments, with a greater likelihood of Dry Clean Only labels.

Many rental service companies dry clean wool garments and cotton, due to its tendency to shrink and lose its colour in washing. Most workwear is now in a resilient polyester/cotton blend and the US fabric manufacturer, Klopman, recently launched a cotton-rich fabric, Challenger, aiming to round up the remaining pure cotton market by offering the easy care of a majority polyester cloth with the absorbency and soft handle of pure cotton.

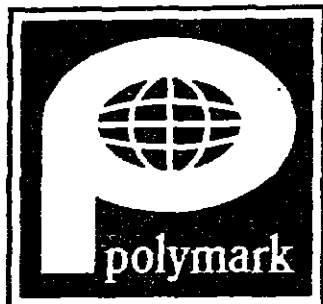
The dry cleaning industry, which has a turnover of £150m-£200m per year, has recently been examining ways in which

to improve and diversify its services. It has also been looking at improvements in technology as a means of cutting costs and adding to efficiency. Higher running costs, for example, have stimulated machine manufacturers to develop dry cleaning equipment which recover and recirculate expensive solvents.

On the retail front new services are being offered to the customer. Sketchley, for example, launched last year a system called Pronto bag. The customer is given a form to complete and a bag in which to place all items—including shoes—which need cleaning. The bag is dropped at the shop with no need to queue or check in individual objects.

There is concern within the retail dry cleaning sector over control of standards — not among the larger chains but among one-man operators.

The Association of British Laundry, Cleaning and Rental Services is to implement a quality approved dry cleaning scheme to lay down guidelines for operation and a code of practice. The Fabric Care Research Association, the industry's technical body, already offers shops an assessing and advisory service which examines 60 "pulse points" and culminates in a report and a pass or fail mark.



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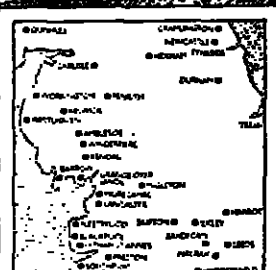
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Dressing up time

Changing styles

ALEXANDRA BUXTON

BOOTS THE CHEMIST is re-clothing its 42,000 shop assistants. The new styles are designed to reflect the different areas of the stores by means of colour. Staff in the sound and vision sections will wear grey uniforms with yellow trim, those in the cookshop, tinned food and brown, as an integrated part of company image. Female assistants are to wear dresses rather than overalls.

Staff clothing is seen by companies such as Marks and Spencer, Hertz or Avis, as an important part of corporate identity. Throughout businesses with a high level of customer contact—such as the retailing and service sectors—the trend is steadily away from the traditional nylon overall towards more stylish, smarter clothing. Suppliers refer to this developing market as "corporate clothing," "corporate wear" or even "vocation clothing" as distinct from workwear. Image, not protection, is the essence.

No doubt some of the impetus comes from a younger generation of employees—shopping for their own clothes—as well as from companies themselves competing for an increasingly design-aware consumer. The high number of women in employment—especially in these expanding industries—has provided a challenge for manufacturers and rental services.

Women are more critical than men of the fashion content in workwear and may be suspicious of laundry services according to Tony McMichael, director of Sketchley's Rental Services division which has roughly 2m workwear garments in circulation. The company is considering a range designed specifically for pregnant working women—an example of social trends reflected in manufacturing.

A leading fabric manufacturer, Klopman International, part of the US group Burlington Industries, is sponsoring a design project at Leicester Polytechnic where second year fashion students are using Klopman fabrics to develop outfits for high street shop staff—from fast food outlets to banks.

Mr Peter Morgan, head of department at Leicester, is critical of what he calls the "red,



Workwear designed by Annabel Fees as a range of interchangeable separates for the pharmacy, cookshop and perfume sections of Boots.

white and blue colour syndrome" applied to workwear. He believes that companies could make better use of colour and take fashion swings into account, such as the established move to more ample garment cut and smaller size collars. Carrington Apparel Fabrics is the biggest manufacturer of workwear cloth in the UK producing 8m metres a year. The concern sees careerwear remaining the area of most growth with indications that women's work clothing may shift to separates—skirts, jackets and blouses—from dresses in yet another step away from the original "drab overall."

Mr John Prior, managing director of Alexandra Workwear, a major customer for Carrington, which has a turnover of approximately £25m agrees. The company has a 20-year association with the fashion designer, Hardy Amies. He sees the company's future in offering a wide range of variety; already some garments are available from stock in over 20 colours.

On the retail side, Spring Grove recently launched a corporate garment services consisting of a co-ordinated package of separates for men and women

which can be screen printed or embroidered with a company's name or logo. Its product development manager, Mr Andrew Starbuck says that although the range will account for only a small percentage of overall turnover in the near future, it will be providing new business and opening up a fresh market.

The Sunlight Group is another contender with its offshoot First Impressions providing what it calls designer workwear or vocational clothing.

Concern with company image is stimulating business to look at every area. At present cabinet towels in customer's washrooms are confined to white plus a few basic colours such as blue or brown. There is no reason why towels too might not be seen as part of a company's corporate colour identity. Spring Grove already offers dust control mats with company logos.

Throughout industry as a whole greater thought is going into colour and design. Workwear is no exception, and suppliers and manufacturers are responding by developing fabrics and garments with enhanced aesthetics.



A mechanic uses paper wipes for cleaning up after a dirty task.

Cleaning up on dirt

Paper

ANTHONY MORETON

PAPER MAY not be a "textile" product but in the field of textile maintenance there is considerable competitive overlap between it and yarn fabrics. In some areas, such as where dirty or greasy cleaning is important, or where hygiene is of paramount importance, paper has a distinct advantage over other materials.

This gives paper enormous importance in the medical field and, therefore, the National Health Service. The obvious example is wipes but opportunities for paper range much wider. There is a case for seeing paper products such as sheets and overalls as direct and possibly more efficient end-products.

The economic argument hinges on cost. Is it cheaper or more economic to buy disposable paper sheets or paper overalls or go for fabric items and have them laundered? The balance lies between more expensive paper products and possibly cheaper textile fabrics to which the cost of laundering and handling has to be added.

There is probably no definitive answer to this question because each buying agent will be conditioned by attitudes to paper as a product by comparison with fabrics.

Undoubtedly, though, paper has a distinct advantage over fabrics in textile maintenance where dirt is the first consideration.

Paper is certainly a more economic wipe than the cabinet roller towel. The Monopolies Commission report showed that

the cost each time a cabinet towel was used was 0.55p (figures based on 1983 costs).

Paper towels were dearer for each item of use where there was little traffic—say between 30 and 50 wipes a day. Once the number of wipes reached 100 paper became more economic and at 200 wipes a day paper was considerably cheaper than cabinet towels.

Looked at in a different way, Kimberly-Clark, one of the big three paper producers in the UK, has estimated that a roller towel gives 120 pulls on average but, discounting the number of times the roller is pulled twice, an average figure of 60 hand dries would be more accurate.

An average case of paper towels would contain 4,500 sheets and cost £16. Taking two towels a dry (perhaps a touch on the low side) there would be 2,400 dries a case, working out at 0.8p a dry.

A cabinet roll towel costs about 60p a roll on the Kimberly-Clark figures and, given 60 dries, averages 1p a dry. On this basis, paper is 20 per cent cheaper.

The UK market for paper wipes is estimated to be around £50m of which the big three producers—Bowater-Scott and British Tissues are the others—account for around 80 per cent. It has also been estimated that the paper side of the business accounted for 40 per cent

of the market for hand drying and is growing at about 20 per cent a year whereas the cabinet towel sector is virtually static.

In 1980, for instance, it developed a number of integrated systems covering soap, hand towels and a dispensing toilet tissue system to give improved hygiene and reliability.

Subsequent developments have included wipes made from polypropylene and, two years ago, a repeat-use wiper made from a blend of polypropylene and pulp.

The same year the company developed a triple layer composite material specifically for the manufacture of industrial workwear. The first extension of this was into industrial boiler suits, which were considered particularly suitable for jobs such as paint spraying. Other areas suitable for paper-based protective workwear include asbestos, glass-fibre and where there is a danger of toxic contamination.

There is, however, a moral to this story about the use of paper and its possibilities.

Thirty years ago the shirt manufacturers brought out a disposable paper collar to save laundering. In those days detached collars, with their studs, were de rigueur. Today, the paper collar has gone the way of the dodo and the sloth. Nothing stays the same for ever.

Diversification search goes on

Development

ANTHONY MORETON

THE GROWTH of the textile maintenance industry as it is known today dates from the mid-1960s though its birth can be traced back at least to the Edwardian era.

The industry owes its development to a large extent to the introduction of the domestic washing machine. Before this, laundries employed large numbers of people at central plants—Achille Serre alone had more than 2,000 people in the 1950s at one of its plants in east London—washing for both domestic and industrial customers.

The washing machine and later developments to incorporate spin drying, dealt a heavy blow to the large laundries. This was not at first apparent because most small advantages such as when in laundrettes and the move away from the delivery man was slow.

However, once washing machines began to be plumbed into the home in increasing numbers laundries found their labour-intensive plants increasingly uneconomic as throughput dried up. It therefore became necessary for them to look for alternative sources of work.

At about the same time the laundries were also being hit by the introduction of easy-care fabrics which meant domestic items did not have to be sent to laundries. The first and most important—and, later, most notorious as the process backfired—was the drip-dry shirt, the nylon shirt that could be washed in a handbasin, left to drip overnight and worn the next morning without ironing or airing.

But the introduction of other

man-made fibres, such as polyester, in the middle 1960s woven into a whole range of garments and domestic lines further decreased the amount of domestic washing sent to laundries.

Initial Services had been offering a service, especially with towels, to industrial and commercial users for years and this seemed to most laundries to be the obvious area in which to expand in order to provide work for their now idle plant.

After Initial's lead many started to provide a roller towel service, a short length of towel, perhaps no more than 4 ft to 8 ft, on a roller. The attraction of the towel in place of paper tissues was immediate and apparent but the disadvantage was also great: where there were large numbers of employees the towel became dirty or wet—or both—long before it could be replaced.

Eventually, the companies brought in the cabinet towel and although this has its disadvantages such as when the end drapes itself across the floor, it has been almost universally accepted in washrooms where paper dispensers are not used.

At the same time as these developments were taking place, in the early 1960s, the hotel industry and the restaurant trade in particular, were looking at ways in which to lessen the burdens of stock-carrying.

Most hotels at this time carried large supplies of their own towels which were usually sent away for laundering. They soon became convinced of the attractions of renting sheets and tablecloths rather than carrying heavy stocks.

Subsequently, textile maintenance has branched out in many directions but there is no indication that the search for successful diversification has ended.



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Textile Maintenance 4

£84m market draws keen pricing

National Health Service

ALEXANDRA BUXTON

AT ANY one time there are roughly 270,000 people in National Health Service beds, ministered to by an army of 400,000 nurses, according to 1984 figures from the Department of Health and Social Security. The largest hotel chain in Europe with requirements on a correspondingly large scale, is how one of its suppliers officers describes the NHS to potential suppliers.

An estimate based on 1985 figures puts its annual bill for staff uniforms at £25m, for bedding and linen at £30m, for patients' clothing at £17m and for curtaining and towels at £12m. This £84m total represents a very sizable, though rigorously cost-conscious, market to UK suppliers.

Not a single article is imported directly although many are imported indirectly; around 50 per cent of the cash spent is reckoned to find itself in the hands of British suppliers and manufacturers, and 50 per cent overseas.

The DHSS stipulates that tender documents from potential suppliers to the NHS must show the route of a product — for example where bedlinen was woven, where finished and where cut and hemmed. The directive followed by buying officials is to look for the best value for money on each separate occasion though a small degree of flexibility in favour of a majority British route is retained.

In some areas, such as Northern Ireland, local manufacturers eligible for development aid may have the edge over outside suppliers.

A continuous programme of cost-cutting is the biggest challenge faced by NHS officers and all products and services are being subjected to close scrutiny. As a result the NHS is increasingly felt as a commercial force in the textile sector.

The Northern Region Health Authority last year focused its gaze on the large quantity of terry nappies used in maternity wards. Newborn babies, it reasoned, did not really require standard nappies and 25 per cent was lopped off the size, reducing capital outlay and laundering costs proportionately.

The supplier of these smaller versions is Cromptons of Bude-dorfield and the manufacturer Ashtons, part of Courtlands, in Lancashire. There is a distinct possibility that these mini-nappies may find themselves on the wider retail market.

The dimensions of 100 per cent polyester sheets (which unlike cotton need not allow for shrinkage) and tea towels (traditionally manufactured larger for hospitals) have been treated to a similar scaling-down operation.

Fire retardant polyester-filled pillows which survive at least five washes—instead of being thrown away once soiled—have been developed by Fogarty's and are in their first year of general use. In general, laundries are still considered more economical than disposables which are often used to fill a gap. Patients, too, are said to favour conventional wovens over disposable non-wovens.

Until recently NHS suppliers' and manufacturers' standards were scrutinised by a Ministry of Defence watchdog but now the NHS is to make more factory visits itself and a certificate of conformity scheme is being developed. Consistency and quality, however, from UK makers are not considered a problem; one NHS spokesman described British quality as "summa good". The only problem being getting it.

In 1984-85 NHS laundering of bedding, uniforms and patients' clothing cost £84m in England alone. A small proportion of this was expenditure on private sector laundry services, used primarily as a fall back while in-house hospital laundries did the bulk of the work.

In September 1983 the country's 192 district health authorities were instructed to put their laundering requirements out for competitive tender by September 1986 with hospitals' own laundries tendering alongside commercial enterprises.

There is now considerable feeling within the private sector that tenders from NHS laundries are unrealistically low and fail to reflect indirect

costs such as portage and machine maintenance. Its trade body, the Association of British Laundry, Cleaning and Rental Services has suggested that NHS laundries should be subjected to an independent audit arriving at a price-per-piece (item laundered) which would stand up to a more valid comparison.

Since 1983 some 90 have gone through the process with under a third of contracts won by the private sector. In many cases contracts have been won due to closure of the NHS laundry rather than on the basis of competitive tenders says Mr Simon Rawlins, director of the ABLARS.

According to Mr Rawlins the first sizable contract won by an outside service purely on the basis of its favourable tender was Northampton DHA which earlier this month announced that it has awarded its contract, worth £235m, to Initial. The company will be leasing the present NHS laundry which serves four local DHAs, washing 190,000 items a week. Initial says it expects to expand this round, picking up more hospital work.

The NHS laundry at Fulbourn, Cambridge will be among those tendering alongside the big commercial groups in the next few months. It serves the whole of the Cambridge DHA and launders to a target of 95,000 pieces per week. It was substantially re-equipped two years ago with modern tunnel washers when another local NHS laundry was closed.

As manager Mr Alan Paul points out, NHS laundries have a natural advantage as they do not need to make a profit, although elsewhere in the NHS—the pressures to cut costs have intensified. At Fulbourn, heat reclamation units recycle heat from the tumble driers and calenders used for pressing while a high level of technology saves the considerable labour component in laundering costs.

NHS managers are now able to take more initiative in their own areas and Mr Paul views the impending competition from the private sector as providing opportunity for a re-assessment of the laundry's performance as experienced by its users.

To date rental services have not made much of a dent in the NHS with the exception of a few cabinet towel suppliers. Some rental companies feel that the services they offer have not been given proper consideration.



A BMM Weston multi-master garment press in use at Whipps Cross Hospital laundry, part of Waltham Forest Health Authority

PROFILE: Bourne Services

By Anthony Moreton

Personal touch provides rewards

BOURNE SERVICES may be a tidier of the industry in turnover terms but it is, in the words of its chairman, Mr Stuart Stroud, "one of the top 10 companies in this business in the country."

Bourne is perhaps a surprising place to find such a "blue-chip" company. It stands half a dozen miles from the historic town of Stamford and twice as far from the Wash.

From this unlikely base Bourne Services claims a catchment area as far as Stevenage and Bedford to the south, the Norfolk coast to the east, Derby to the north-west and Lincoln due north.

That catchment area is sustained and nurtured on service. "The personal touch is all-important for a small company," Mr Stroud says, "it is what keeps us ahead of the competition."

"We believe local hotels and businesses are becoming increasingly disenchanted with the policies, methods and supplies of some of the larger, high-profile companies and are turning to the smaller operator to provide the standard of service they require."

Bourne was started in 1932

by Mr Stroud's father and the company has remained both private and personal; a third generation, Hedley is finance director, carrying on the family tradition.

Until the Second World War it was a domestic launderer with some contract work; war inevitably changed things and it changed emphasis to the contract side as it catered for the services.

The post-war years saw a return to labour-intensive domestic laundering but the days of the chain laundry were coming to an end, nibbled away gradually by rising costs, shortage of labour, alternative life-styles and, eventually, the arrival of the laundrette and the domestic washing machine, which made the weekly delivery round first uneconomic, then obsolete.

The Strouds saw the future lay more in linen hire and so they sold their 14 shops (keeping just one on the laundry site) and ploughed the money into new plant and machinery and linen as they sought to supply hotels and restaurants.

"Our new plant meant we could keep our overheads, and

so our unit costs, completely under control," Mr Stroud says, "and this is the secret of our success. We keep ploughing back profits. In the last few months we have invested something like £50,000, which is good going for a company our size."

From linen hire Bourne Services moved into workwear and these two sectors now account for the vast bulk of the company's £2m a year turnover, up 16 per cent last year. About 60 per cent of income comes from linen and 40 per cent from workwear.

But the company is always looking for ways to diversify and lessen its dependence on these sectors. It now supplies its own textile-maintenance customers with a range of ancillary goods, such as soap and soap dispensers, and will use its delivery vans to take anything, within reason, a client might want.

"If the client wants safety shoes, then we will deliver safety shoes to them," Mr Stroud says. "These bolt-on services offer a good future. And it's part of our philosophy. Keep serving the customer and they will come back to you."

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PROFILE: Savoy Hotel Laundries

By Anthony Moreton

Pampering the executives

TUCKED AWAY in an anonymous side-street in the south London suburb of Clapham is one of the country's best kept secrets in Britain, perhaps even in Europe.

From a distance it is difficult to pick out the lettering on the plain black gates and perhaps only the garden courtyard gives a clue to the occupiers. Nearer, the title becomes more apparent: Savoy Hotel Laundries.

The Savoy group—the Savoy itself, Claridge's, Connaught and Berkeley, together with Simpsons restaurant—comprise one of the most exclusive hotel "chains" in the world. They exude power, sophistication, service and quality and provide the conditions under which their clients are quietly but unobtrusively pampered.

All the sheets are linen, the bathrobes embroidered, the napkins and tablecloths linen as well. The laundry therefore handles a quality of throughput that few other laundries in the world see. The sheets cost £90 a pair. Mr Ron Davidson, director of the laundry, says the Atlantic in Hamburg, some other German hotels and one or two elsewhere might approach the Savoy's standards, but not many.

"The hotel group is very much at the luxury end of the business and so we, as a laundry, have to be a luxury service," he says.

This means it has to be geared not merely to washing top-quality linen but also to washing and dry-cleaning clients' clothes. Laundry handed in at the hotels by 9 every morning reaches Clapham by 10 and six hours later it is on its way

back for placing in each room by 6pm.

Some of the individual laundries' personal assistants, American businessmen are apt to bring in as many as 40 shirts at a time and one Saudi Arabian bill amounted to £1,000.

"Sometimes we get a couple of days' advance warning, from an executive's personal assistant, that a heavy load will be arriving," Mr Davidson says. "More often we don't. It all has to be returned, having been inspected and repaired, where necessary, in six hours. The laundry is a separate profit centre within the group and therefore "charges" for its services. Last year its income was £1.7m, of which a third was hotel guests' laundering. Since there is spare capacity in the laundry Mr Davidson takes in other people's washing and items from some of the more famous London hotel names can be seen going through his washing machines and ironing rollers.

He estimates that 80 per cent of his work is in-house and the rest comes from other hotels. At one time, the laundry took in private work, collecting and delivering all over London, but those days disappeared in 1970.

Out of his pocket, Mr Davidson has to find his own investment resources, which can be heavy. The laundry has spent £1.5m on new plant over the last five years and each piece of equipment is duplicated so that in the event of a breakdown the hotel guest can still get his clothes back on time. "The last time we failed to deliver on time," he boasts, "was in 1972."

The Savoy is the exception rather than the rule now; the day of the hotel laundry has disappeared, most hotels and hotel groups sub-contract their work out.

"We could not possibly do this," he says dismissively. "Linen sheets not only cost a lot more but weigh half as much again as cotton ones."

"Consequently, they cannot be ironed as fast and we have to be more labour intensive. For the hotel guests you have to top up everything with hand ironing."

Numbers are not nearly so important to Mr Davidson as quality of work performed but, even so, he handles up to 90,000 napkins a year, 20,000 sheets, 30,000 towels and 30,000 pillow slips.

The sheets have a life of 200 washes, the napkins about 160 though not all of them make it this far. Hotel losses are notorious. One guest was even discovered to have stripped the sheets off his (or her?) bed.

"It's all so senseless," he says. "There's no way you could wash linen sheets at home and I doubt if many commercial laundries would handle them now, not to any level of satisfaction, anyway."



Mr Ron Davidson, director and general manager and Mrs Claire Dussard, assistant manager, keeping an eye on personal service at the Savoy Hotel Laundries.

PROFILE: Bodycote International

Room for expansion in career apparel

TOUGH WORK in hostile environments, career apparel and the growing trend of displaying corporate identity through company uniforms are the basics on which Bodycote International's workwear business is built. Claiming to be the UK's largest supplier of workwear after Alexandra, Bodycote has two distinct, unconnected activities. In recent years its money and energy have been split between developing its metal treatment operations whose customers include British Aerospace and Rolls-Royce.

Meanwhile, its textile business, the original foundations of the company, has been left to grow organically, generating its own investment cash and with little forced feeding from group management.

Producing 66,000 garments a week, workwear accounted for about 60 per cent of the company's £21m turnover last year. With its headquarters in Manchester, and producing workwear at six factories in the UK and two in Holland, Bodycote makes more simple work apparel like hospital white coats, nurses' and school uniforms. But it tries to steer away from high-volume, low-value-added clothing.

"Anyone can produce dust-coats. If you are going to be heavily in that market you are going to be under pressure from cheap imports," Mr Joe Dwek, chairman and managing director, says. Imports of workwear account for 10 per cent of the UK market, mainly from the Far East, but are principally directed at the lower end of the market where a boilersuit can cost under £5.

Bodycote has specialised in protective clothing. This includes military combat jackets, camouflage suits with anti-infrared materials, suits for "life threatening" situations with asbestos and lead lining, water proofing and semi acid-resistant fabrics. It also has a £2m business making goggles, helmets, respirators, ear protectors and chrome alloy gloves. Camouflage suits can take more than three times longer to make than non-protective clothing.

It is the growth of what might be termed "career apparel," however, which has opened up the prospects of a new expanding market for Bodycote and companies like it.

The visible expression of corporate identity is becoming more important in Europe and Bodycote already produces career apparel for Texaco, Shell and ICI, the Post Office and health authorities.

Uniforms, whether used by Marks & Spencer or British Airways, are more fashion-orientated but they must have merit as functional apparel. Bodycote has a design team of four in London. The group is expecting turnover this year to be around £40m with profits up from £1.7m to £2.8m.

Built-in obsolescence of clothing, the disappearance of some smaller competitors and what Mr Dwek says has been a steadily increasing market share for Bodycote in workwear—and that corporate identity trend—has kept its business growing.

Nick Garnett

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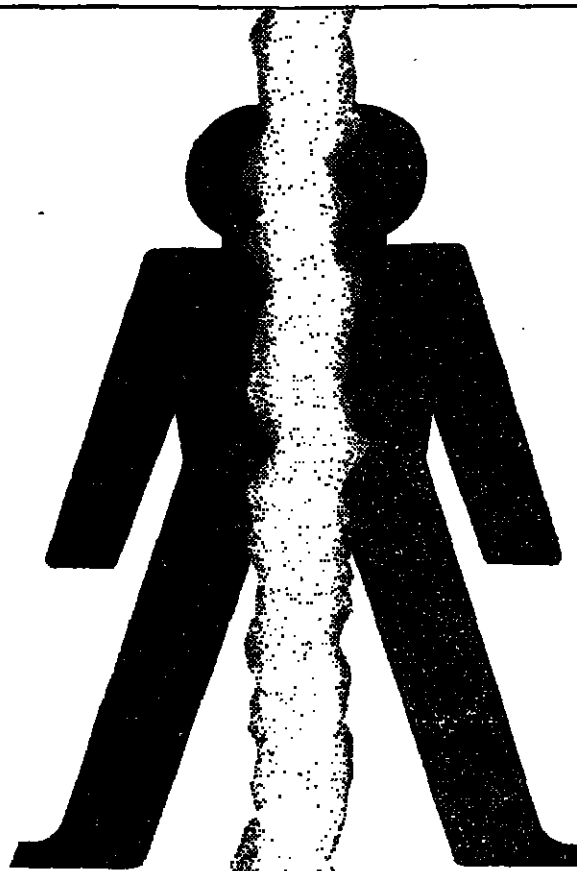
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FT COMMERCIAL LAW REPORTS

Argyll Group loses appeal over merger

REGINA MONOPOLIES AND MERGERS COMMISSION AND THE SECRETARY OF STATE FOR TRADE AND INDUSTRY, ex parte ARGYLL GROUP PLC Court of Appeal (Sir John Donaldson, Lord Justice Dillon and Lord Justice Neill): March 14 1986.

WHETHER MERGER proposals referred to the Monopolies and Mergers Commission have been abandoned is a question of fact which relates only to proposals already existing at time of reference, and is to be decided by the Commission and not by the chairman alone unless abandonment is clear; and the court, when deciding whether to grant judicial review of a decision to lay aside the reference, will have regard to the requirements of good public administration including the weight to be given to the public interest.

The Court of Appeal held when dismissing an appeal by Argyll Group PLC from Mr Justice Macpherson's refusal to grant judicial review of a decision by the Chairman of the Monopolies and Mergers Commission to lay aside a reference made by the Secretary of State for Trade and Industry in respect of a proposed merger between Guinness and Distillers Company.

Section 75 of the Fair Trading Act 1973 provides: "(1) A merger reference may be made to the Commission by the Secretary of State where it appears to him that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation requiring investigation..."

SIR JOHN DONALDSON said that on December 2 1985 it was announced that Argyll had offered for the whole of the issued share capital of Distillers not already owned by Argyll on terms said to be equivalent to 513p a share.

The first Guinness offer, announced on January 20 1986, was for the whole of the issued share capital of Distillers on terms said to be equivalent to 625p a share.

The second Argyll offer, announced on February 6 1986, was the same as the first, except that the revised terms were said to be 645p a share.

On February 13 the Secretary of State exercised his powers under the Fair Trading Act 1973 and made a reference to the Monopolies and Mergers Commission.

Under the City Takeover Code an offer was conditional on there being no reference to the Commission. If a reference was made, the offer lapsed.

Guinness's offer having lapsed, it entered into discussions with the Takeover Panel to see whether a new offer could be made. On February 17 Guinness met the chairman of the commission and indicated what was in its mind. On February 19 the chairman was satisfied that the proposals to make arrangements mentioned in the reference had been abandoned and that, subject to the consent of the Secretary of State, it was appropriate to lay the reference aside. The Secretary of State gave his consent.

The following day, February 20, Guinness and Distillers jointly announced a revised bid. Like the previous offer, it contemplated acquisition of all Distillers' shares but, unlike the previous offer, both parties agreed to divest themselves of certain whisky brands so that the combined group's UK market share in whisky would be reduced to about 25 per cent.

Argyll sought judicial review of the decision to lay aside the reference. Mr Justice Macpherson refused the application. Argyll appealed.

The first issue was whether the chairman correctly directed himself in law when he concluded that the proposal had been abandoned. Argyll submitted that the second bid was merely a variation on the theme of the first, and there was no basis for concluding that the proposal had been abandoned.

The chairman did not misdirect himself in law on the abandonment issue. The Secretary of State should accept his finding of fact and then exercise his discretion to consent or to refrain from consenting to the reference being laid aside.

The second issue was whether the chairman had power to act alone on behalf of the commission. Merger references were not, in practice, conducted by the commission as a whole but by smaller groups of members formed on the chairman's direction under paragraph 10(1) of Schedule 3 to the Act.

The process of selection took a little time and meanwhile the chairman set the investigation in progress by writing to all concerned requesting information. Although there was no express statutory duty on him to do so, it was administrative or ministerial activity performed of which was within the intention of Parliament.

Once the chairman had given the necessary direction and the group had been formed it was for that group and not for the commission as a whole nor for the chairman as an individual to conduct the reference and to decide whether there had been an abandonment.

However, most abandonments took place soon after the reference was made before a group was formed, and the chairman took the decision on behalf of the commission.

From a practical point of view that had much to commend it. Time was money. If a reference were to be laid aside it was important that that be decided and made known at the earliest possible opportunity. Therefore, where the fact of abandonment was clear beyond argument none

arrangements then in fact in progress or in contemplation. The use of "if" may be the fact" in subsection (1) reflected only the possibility that the Secretary of State might be wrong.

Argyll's view was not accepted. If the company were right, the commission would, as part of the original reference, have to consider and report on the new proposals, and there was every likelihood that it could not do so within the six-month time limit imposed by section 70.

If Argyll were wrong, any truly new proposal could be the subject of a separate reference with its own time limit. It would always be a question of fact and degree whether proposed or contemplated arrangements had been "abandoned" and new arrangements proposed or contemplated, or whether the so-called "new arrangements" were merely an amended form of "old arrangements."

That was a matter for the commission. It had to ask itself whether the new proposal, which excluded whisky activities, was sufficiently different from the original for it to be said the original had been abandoned.

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but the most dedicated purist would object to the chairman taking that action. However, the present case was different. The fact of abandonment was open to argument and Argyll had objected.

While the commission must be taken to have tacitly accepted and approved the practice as being the only sensible way of dealing with abandonment with sufficient promptitude at a stage when the commission had not yet in any real sense entered on the reference, it was not within its power to do so and the chairman could not derive any authority independently from the Act.

The third issue was whether Argyll had sufficient interest in the matter to which the application for judicial review related. Order 53 rule 3 (7) of the Rules of the Supreme Court provided that the court should not grant leave to apply unless it considered the applicant had sufficient interest.

Argyll clearly had sufficient interest to be granted leave to apply for judicial review. The strength of its interest was one of the factors to be weighed in the balance as part of the issue of discretion.

The fourth issue was how the discretionary remedy of judicial review should be exercised. The court should approach its duties with a proper awareness of the needs of public administration. Good public administration was concerned with substance rather than form. The court should ask whether the commission would have reached the same conclusion on abandonment as did the chairman.

Good public administration required a proper consideration of public interest. The Secretary of State, guardian of the public interest in the present context, consented to the reference being laid aside.

Good public administration required a proper consideration of the legitimate interests of individual citizens. In judging the relevance of an interest regard had to be had to the purpose of the administrative process. Argyll had a strong and legitimate interest in putting Guinness in liquidation, but that was not the purpose of the administrative process under the Act. To that extent therefore, its interest was not of any great weight.

Good public interest required decisiveness and finality, unless there were compelling reasons to the contrary.

Taking account of all those factors, his Lordship reviewed should be granted. The appeal was dismissed.

Lord Justice Dillon and Lord Justice Neill gave concurring judgments.

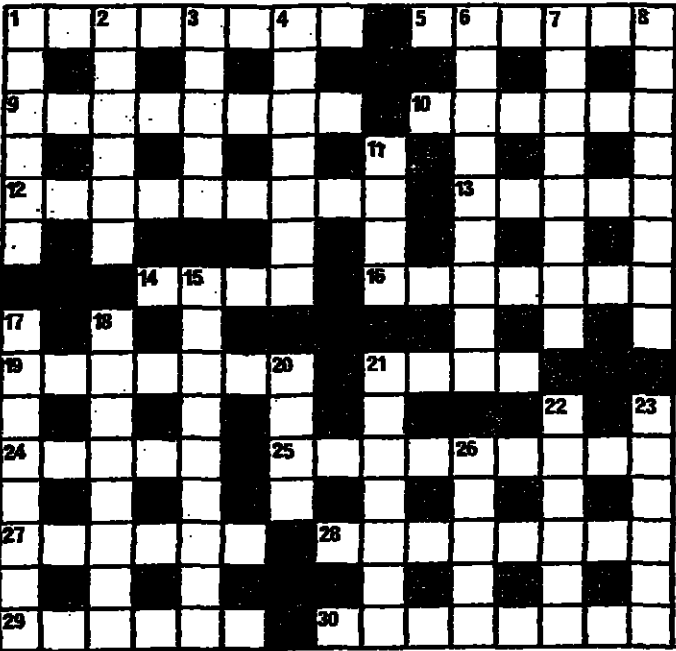
By Rachel Davies
Barrister

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Unit Trust Name	Manager	Investment Objective	Assets Under Management (£m)	Units in Issue (m)	Unit Price (£)
Abney Unit Trust	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (2)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (3)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (4)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (5)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (6)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (7)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (8)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (9)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (10)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (11)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (12)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (13)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (14)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (15)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (16)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (17)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (18)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (19)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (20)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (21)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (22)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (23)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (24)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (25)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (26)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (27)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (28)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
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Abney Unit Trust (30)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
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Abney Unit Trust (40)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (41)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (42)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (43)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (44)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (45)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (46)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (47)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (48)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
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Abney Unit Trust (55)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (56)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (57)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (58)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (59)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
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Abney Unit Trust (61)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (62)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (63)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (64)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (65)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (66)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (67)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (68)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (69)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (70)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
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Abney Unit Trust (72)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (73)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (74)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (75)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (76)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (77)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (78)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (79)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (80)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (81)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (82)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (83)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (84)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (85)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
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Abney Unit Trust (87)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (88)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (89)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (90)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (91)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (92)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (93)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
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Abney Unit Trust (98)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (99)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00
Abney Unit Trust (100)	Abney Unit Trust Ltd	Equity	10.5	10.5	1.00

F.T. CROSSWORD PUZZLE No. 5975



- ACROSS**
- Chopped meat diet to consider (8)
 - Grumble, like mother of a kind, say (6)
 - Like a ship that is upright but sluggish (8)
 - Flower for the old man? (6)
 - E.g. wood shelter for roundmen? (9)
 - Old cold rhubarb (5)
 - Dacey way for kids to get home (4)
 - Open-air apparel to last longer (7)
 - RA in loose application of paint-sprayer (7)
 - Romantic song rendered falsely (4)
 - Celtic player did include the other game (5)
 - Hates burn treatment—so one is cautious (8)
 - Bring out energy that is lawful (6)
 - Taking to Bede in translation, like a good monk (8)
 - Marry! Toppuddle leader could be one (6)
 - They are employed in plucky pincer-movements (8)
- DOWN**
- Rancour of married nanny (8)
 - Field event to talk about endlessly (6)
 - Henry on slope for land-cultivation (5)
 - For this Roman shelter, try upper-class party (7)
 - Leading-lady of the cinema (8)
 - Beamed, perhaps, having met bride unusually (8)
 - Flower, so merry a variety! (8)
 - Section of divorce centre normally used (4)
 - Words of encouragement for one bringing up a child (3-1-5)
 - Light fantastic idea (8)
 - In using a rake, he has his betters (8)
 - Off-course? Behold the way! (4)
 - Weapon taken by much-acclaimed actor? (7)
 - Bellows-noise is a joke (6)
 - Bowls at lightweight? (8)
 - Muddled divine in drink (5)
- Solution to Puzzle No. 5974**
- ACROSS: 1. Chopped meat diet to consider (8) — **CHOPPED**
 2. Grumble, like mother of a kind, say (6) — **MOTHER**
 3. Like a ship that is upright but sluggish (8) — **SHIPSLUG**
 4. Flower for the old man? (6) — **OLDMAN**
 5. E.g. wood shelter for roundmen? (9) — **WOODSHED**
 6. Old cold rhubarb (5) — **COLD**
 7. Dacey way for kids to get home (4) — **WAY**
 8. Open-air apparel to last longer (7) — **OPENAIR**
 9. RA in loose application of paint-sprayer (7) — **RA**
 10. Romantic song rendered falsely (4) — **SONG**
 11. Celtic player did include the other game (5) — **CELTIC**
 12. Hates burn treatment—so one is cautious (8) — **HATES**
 13. Bring out energy that is lawful (6) — **BRING**
 14. Taking to Bede in translation, like a good monk (8) — **TAKING**
 15. Marry! Toppuddle leader could be one (6) — **MARRY**
 16. They are employed in plucky pincer-movements (8) — **PLUCKY**
- DOWN: 1. Rancour of married nanny (8) — **RANCOUR**
 2. Field event to talk about endlessly (6) — **FIELD**
 3. Henry on slope for land-cultivation (5) — **HENRY**
 4. For this Roman shelter, try upper-class party (7) — **ROMAN**
 5. Leading-lady of the cinema (8) — **LEADING**
 6. Beamed, perhaps, having met bride unusually (8) — **BEAMED**
 7. Flower, so merry a variety! (8) — **FLOWER**
 8. Section of divorce centre normally used (4) — **SECTION**
 9. Words of encouragement for one bringing up a child (3-1-5) — **WORDS**
 10. Light fantastic idea (8) — **LIGHT**
 11. In using a rake, he has his betters (8) — **IN**
 12. Off-course? Behold the way! (4) — **OFF**
 13. Weapon taken by much-acclaimed actor? (7) — **WEAPON**
 14. Bellows-noise is a joke (6) — **BELLOWS**
 15. Bowls at lightweight? (8) — **BOWLS**
 16. Muddled divine in drink (5) — **Muddled**

Banque Vernes & Commerciale de Paris

The 1985 accounts were approved on 25 February 1986 by the Board of Directors chaired by Mr Gilbert Lasfargues. Total assets amount to FF. 13,914 million compared with FF. 14,843 million at 31 December 1984, this difference was not due to the falling activity but due to the fall of the dollar.

Net banking income amounts to FF. 469.7 million compared to FF. 430.6 million in 1984, a 9.1% rise due to an increase in net interest income and commissions.

The current gross operating profit was 32% up on the previous year. After allowance for depreciations, provisions and exceptional results, net result was FF. 2 million compared with a loss of FF. 368.8 million in 1984.

The Chairman underlined the significance of these results, which should mark an important stage in the Bank's development.

He also recalled that, in accordance with the initial agreements, 100% of the Bank's capital will be held by the Compagnie Financière de Suez taking effect on 5 March 1986, following approval by its general meeting of the transfer of the government's remaining shareholding in the capital of the Bank.

BASE LENDING RATES

ABN Bank	12.4%	Grindlays Bank	12.1%
Allied Dunbar & Co.	12.1%	Guinness Mahon	12.1%
Allied Irish Bank	12.1%	Hamros Bank	12.1%
American Express Bk.	12.1%	Heritable & Gen. Trust	12.1%
Amro Bank	12.1%	HSBC	12.1%
Bank of America	12.1%	Indo-Chinese Bank	12.1%
Bank of Australia	12.1%	Indo-European Bank	12.1%
Bank of Canada	12.1%	Indo-French Bank	12.1%
Bank of China	12.1%	Indo-Siam Bank	12.1%
Bank of India	12.1%	Indo-Tibet Bank	12.1%
Bank of Japan	12.1%	Indo-Turk Bank	12.1%
Bank of Korea	12.1%		
Bank of Kuwait	12.1%	C. Hoare & Co.	12.1%
Bank of London	12.1%	Hongkong & Shanghai	12.1%
Bank of Montreal (UK)	12.1%	Johnson Matthey Bkrs.	12.1%
BCCI	12.1%	K. C. Low	12.1%
Bank of Ireland	12.1%	Lloyds Bank	12.1%
Bank of Cyprus	12.1%	Edward Manson & Co.	12.1%
Bank of Egypt	12.1%	Maghraj & Sons Ltd.	12.1%
Bank of India	12.1%	Midland	12.1%
Bank of Japan	12.1%	Midland Granville	12.1%
Bank of Korea	12.1%	Mount Credit Corp Ltd.	12.1%
Bank of Kuwait	12.1%	National Bk. of Kuwait	12.1%
Bank of London	12.1%	National Girobank	12.1%
Bank of Montreal	12.1%	Norwich & Gen. Trust	12.1%
Banque Belge Ltd.	12.1%	Northern Bank Ltd.	12.1%
Barclays Bank	12.1%	Norwich Gen. Trust	12.1%
Beneficial Trust Ltd.	12.1%	Peoples Trust	12.1%
Brit. Bank of Mid. East	12.1%	PK Finans. Inst. (UK)	12.1%
Bank of China	12.1%	Prudential	12.1%
Bank of India	12.1%	R. D. Stephens & Sons	12.1%
Bank of Japan	12.1%	Roxburghs Guarantee	12.1%
Bank of Korea	12.1%	Royal Bank of Scotland	12.1%
Bank of Kuwait	12.1%	Royal Trust Co. Canada	12.1%
Bank of London	12.1%	Standard Chartered	12.1%
Bank of Montreal	12.1%	Trust Bank	12.1%
Citibank NA	12.1%	Trustee Savings Bank	12.1%
Citibank Savings	12.1%	United Bank of Kuwait	12.1%
City Merchants Bank	12.1%	United Mizrahi Bank	12.1%
Citydressed Bank	12.1%	Westpac Banking Corp.	12.1%
C. E. Colles & Co.	12.1%	Whiteaway Ladlaw	12.1%
C. E. Colles & Co.	12.1%	Yamato	12.1%
Consolidated Credit	12.1%		
Continental Trust Ltd.	12.1%	Members of the Agency House	
Co-operative Bank	12.1%	Committee.	
The Cyprus Popular Bk.	12.1%	7-day deposits 8.50%, 1-month	
Duncan Lawrie	12.1%	8-day deposits 12.50-14.00, at call	
E. T. Trust Ltd.	12.1%	months notice 12.00%. At call	
Equity Trust Ltd.	12.1%	when 110,000-1,000 deposited.	
Financial & Gen. Sec.	12.1%	Yamato deposits 12.00 and over	
First Nat. Fin. Corp.	12.1%	9% gross	
First Nat. Sec. Ltd.	12.1%	1 Mortgage base rate.	
Robert Fleming & Co.	12.1%	2 Demand dep. 8.5%. Mortgage 13%.	
Robert Fraser & Pirs.	12.1%		

Property Growth Assay Co Ltd—Contd

[illegible]

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar very weak

The dollar touched a record low against the Japanese yen yesterday in very nervous trading. Underlying factors played a large part in attracting dollar sales with the prospect of lower interest rates and poor economic data as well as lower oil prices together painting a very depressing picture.

The only real outcome to the latest meeting of Opec ministers was uncertainty, with dealers agreed that a failure to curb Opec output would lead to a further fall in oil prices. This would have a negative impact on the dollar and with the latter easing against European currencies, so sterling followed. It slipped to DM 3.2925 from DM 3.3125 and ¥257.25 compared with ¥258.00. Elsewhere it firmed lower at SF 2.7600 from SF 2.7850 and FF 10.1175 from FF 10.1875. Against the dollar it closed at \$1.4650, a rise of just 10 points from Friday.

Elsewhere it slipped to D 2.9275 from D 2.9600 and SFR 1.8940 compared with SFR 1.9000. It was also weaker in terms of the French franc at FF 6.6085 compared with FF 6.66. On Bank of England figures, the dollar's exchange rate index fell from 117.3 to 116.7.

STERLING - Trading range against the dollar in 1985-86 is 1.4980 to 1.0525. February average 1.4297. Exchange rate index 74.0 after a low of 73.6

£ IN NEW YORK

Cash	Mar. 17	Prev. close
1 month	1.4650-1.4655	1.4650-1.4655
3 months	1.4650-1.4655	1.4650-1.4655
6 months	1.4650-1.4655	1.4650-1.4655
12 months	1.4650-1.4655	1.4650-1.4655
Forward	1.4650-1.4655	1.4650-1.4655

Earlier in the day it had been fixed at DM 2.468, down from DM 2.458, without intervention by the Bundesbank.

JAPANESE YEN - Trading range against the dollar in 1985-86 is 262.10 to 175.50. February average 184.55. Exchange rate index 157.7 against 156.7 six months ago.

The yen rose to its best level ever against the dollar in Tokyo yesterday. The US unit fell to a trading low of ¥174.80, breaking the previous record set in October 1978 of ¥175.50. It closed at ¥174.85, itself a record low and down from ¥175.80 in New York and ¥177.00 in Tokyo on Friday. Japanese finance minister Noboru Takeuchi claimed that the price of the dollar was undesirable but this did not affect the yen since he added that intervention by the Bank of Japan would be of only limited value without help from other central banks. This may be less than readily forthcoming since the dollar is comparatively stable elsewhere.

Governor of the Bank of Japan, Satoshi Sumita, issued an after hours statement claiming that he was not considering a cut in the Japanese discount rate to curb the yen's rise. This is likely to put further downward pressure on the dollar.

FINANCIAL FUTURES

US bonds lower

US Treasury bond prices were lower yesterday in the London Exchange. Fears of over oil price increases were the key factor affecting sentiment with the market still awaiting the possibility of some accord between Opec members on output limits. The June price opened at 97.00 down from 97.09 on Friday and attracted some buying interest initially up to a high of 97.28.

Early bullish sentiment was based on hopes of lower US interest rates and as a result a squeeze on short positions. However, sentiment altered during the afternoon mainly on Opec's failure to reach some agreement on output and prices. The June bond closed at 96.14. The Euro-dollar price was slightly firmer overall and a stronger opening from a start price of 92.77 in the June contract was based on some short on short covering but a genuine opening of longer positions. A high of 92.84 was touched but this was not sustained in view of the uncertainty caused by Opec. The June price touched a low of 92.77 but closed at 92.79 up from 92.78 on Friday.

Sterling based instruments found little comfort from a market unsettled by the proximity of today's UK budget and continuing uncertainty over oil prices. Three-month sterling for June delivery opened at 89.40 from 89.37 on Friday but soon met selling to finish at 89.30. Long gilt contracts acted in much the same way with the June price opening at 119.25 and finishing at 119.18 down from 120.00.

Strike	Call	Put	Strike	Call	Put
100	4.63	0.00	100	4.63	0.00
110	3.46	0.00	110	3.46	0.00
120	2.46	0.00	120	2.46	0.00
130	1.55	0.00	130	1.55	0.00
140	0.64	0.00	140	0.64	0.00
150	0.16	0.00	150	0.16	0.00

Strike	Call	Put	Strike	Call	Put
100	4.63	0.00	100	4.63	0.00
110	3.46	0.00	110	3.46	0.00
120	2.46	0.00	120	2.46	0.00
130	1.55	0.00	130	1.55	0.00
140	0.64	0.00	140	0.64	0.00
150	0.16	0.00	150	0.16	0.00

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100	4.63	0.00	100	4.63	0.00
110	3.46	0.00	110	3.46	0.00
120	2.46	0.00	120	2.46	0.00
130	1.55	0.00	130	1.55	0.00
140	0.64	0.00	140	0.64	0.00
150	0.16	0.00	150	0.16	0.00

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100	4.63	0.00	100	4.63	0.00
110	3.46	0.00	110	3.46	0.00
120	2.46	0.00	120	2.46	0.00
130	1.55	0.00	130	1.55	0.00
140	0.64	0.00	140	0.64	0.00
150	0.16	0.00	150	0.16	0.00

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110	3.46	0.00	110	3.46	0.00
120	2.46	0.00	120	2.46	0.00
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INDUSTRIALS—Continued LEISU

[illegible]**LEISURE—Continued**[illegible]**PROPERTY—Continued**[illegible]**INVESTMENT TRUSTS—Cont.**[illegible]**FINANCE, LAND—Cont.**[illegible]

MINES—Continued

[illegible]

	1.0	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
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INSURANCES	215	168	Shamrock 2p.....
	184	111	Smith (David S.) 2p.....

250	184	Alley Life So.	234	16.6	4.4	160	73	General Life Ins.	160	73	General Life Ins.
251	185	Alley & Alexander	235	16.7	4.5	161	74	General Life Ins.	161	74	General Life Ins.
252	186	Alley & Alexander	236	16.8	4.6	162	75	General Life Ins.	162	75	General Life Ins.
253	187	Alley & Alexander	237	16.9	4.7	163	76	General Life Ins.	163	76	General Life Ins.
254	188	Alley & Alexander	238	17.0	4.8	164	77	General Life Ins.	164	77	General Life Ins.
255	189	Alley & Alexander	239	17.1	4.9	165	78	General Life Ins.	165	78	General Life Ins.
256	190	Alley & Alexander	240	17.2	5.0	166	79	General Life Ins.	166	79	General Life Ins.
257	191	Alley & Alexander	241	17.3	5.1	167	80	General Life Ins.	167	80	General Life Ins.
258	192	Alley & Alexander	242	17.4	5.2	168	81	General Life Ins.	168	81	General Life Ins.
259	193	Alley & Alexander	243	17.5	5.3	169	82	General Life Ins.	169	82	General Life Ins.
260	194	Alley & Alexander	244	17.6	5.4	170	83	General Life Ins.	170	83	General Life Ins.
261	195	Alley & Alexander	245	17.7	5.5	171	84	General Life Ins.	171	84	General Life Ins.
262	196	Alley & Alexander	246	17.8	5.6	172	85	General Life Ins.	172	85	General Life Ins.
263	197	Alley & Alexander	247	17.9	5.7	173	86	General Life Ins.	173	86	General Life Ins.
264	198	Alley & Alexander	248	18.0	5.8	174	87	General Life Ins.	174	87	General Life Ins.
265	199	Alley & Alexander	249	18.1	5.9	175	88	General Life Ins.	175	88	General Life Ins.
266	200	Alley & Alexander	250	18.2	6.0	176	89	General Life Ins.	176	89	General Life Ins.
267	201	Alley & Alexander	251	18.3	6.1	177	90	General Life Ins.	177	90	General Life Ins.
268	202	Alley & Alexander	252	18.4	6.2	178	91	General Life Ins.	178	91	General Life Ins.
269	203	Alley & Alexander	253	18.5	6.3	179	92	General Life Ins.	179	92	General Life Ins.
270	204	Alley & Alexander	254	18.6	6.4	180	93	General Life Ins.	180	93	General Life Ins.
271	205	Alley & Alexander	255	18.7	6.5	181	94	General Life Ins.	181	94	General Life Ins.
272	206	Alley & Alexander	256	18.8	6.6	182	95	General Life Ins.	182	95	General Life Ins.
273	207	Alley & Alexander	257	18.9	6.7	183	96	General Life Ins.	183	96	General Life Ins.
274	208	Alley & Alexander	258	19.0	6.8	184	97	General Life Ins.	184	97	General Life Ins.
275	209	Alley & Alexander	259	19.1	6.9	185	98	General Life Ins.	185	98	General Life Ins.
276	210	Alley & Alexander	260	19.2	7.0	186	99	General Life Ins.	186	99	General Life Ins.
277	211	Alley & Alexander	261	19.3	7.1	187	100	General Life Ins.	187	100	General Life Ins.
278	212	Alley & Alexander	262	19.4	7.2	188	101	General Life Ins.	188	101	General Life Ins.
279	213	Alley & Alexander	263	19.5	7.3	189	102	General Life Ins.	189	102	General Life Ins.
280	214	Alley & Alexander	264	19.6	7.4	190	103	General Life Ins.	190	103	General Life Ins.
281	215	Alley & Alexander	265	19.7	7.5	191	104	General Life Ins.	191	104	General Life Ins.
282	216	Alley & Alexander	266	19.8	7.6	192	105	General Life Ins.	192	105	General Life Ins.
283	217	Alley & Alexander	267	19.9	7.7	193	106	General Life Ins.	193	106	General Life Ins.
284	218	Alley & Alexander	268	20.0	7.8	194	107	General Life Ins.	194	107	General Life Ins.
285	219	Alley & Alexander	269	20.1	7.9	195	108	General Life Ins.	195	108	General Life Ins.
286	220	Alley & Alexander	270	20.2	8.0	196	109	General Life Ins.	196	109	General Life Ins.
287	221	Alley & Alexander	271	20.3	8.1	197	110	General Life Ins.	197	110	General Life Ins.
288	222	Alley & Alexander	272	20.4	8.2	198	111	General Life Ins.	198	111	General Life Ins.
289	223	Alley & Alexander	273	20.5	8.3	199	112	General Life Ins.	199	112	General Life Ins.
290	224	Alley & Alexander	274	20.6	8.4	200	113	General Life Ins.	200	113	General Life Ins.
291	225	Alley & Alexander	275	20.7	8.5	201	114	General Life Ins.	201	114	General Life Ins.
292	226	Alley & Alexander	276	20.8	8.6	202	115	General Life Ins.	202	115	General Life Ins.
293	227	Alley & Alexander	277	20.9	8.7	203	116	General Life Ins.	203	116	General Life Ins.
294	228	Alley & Alexander	278	21.0	8.8	204	117	General Life Ins.	204	117	General Life Ins.
295	229	Alley & Alexander	279	21.1	8.9	205	118	General Life Ins.	205	118	General Life Ins.
296	230	Alley & Alexander	280	21.2	9.0	206	119	General Life Ins.	206	119	General Life Ins.
297	231	Alley & Alexander	281	21.3	9.1	207	120	General Life Ins.	207	120	General Life Ins.
298	232	Alley & Alexander	282	21.4	9.2	208	121	General Life Ins.	208	121	General Life Ins.
299	233	Alley & Alexander	283	21.5	9.3	209	122	General Life Ins.	209	122	General Life Ins.
300	234	Alley & Alexander	284	21.6	9.4	210	123	General Life Ins.	210	123	General Life Ins.
301	235	Alley & Alexander	285	21.7	9.5	211	124	General Life Ins.	211	124	General Life Ins.
302	236	Alley & Alexander	286	21.8	9.6	212	125	General Life Ins.	212	125	General Life Ins.
303	237	Alley & Alexander	287	21.9	9.7	213	126	General Life Ins.	213	126	General Life Ins.
304	238	Alley & Alexander	288	22.0	9.8	214	127	General Life Ins.	214	127	General Life Ins.
305	239	Alley & Alexander	289	22.1	9.9	215	128	General Life Ins.	215	128	General Life Ins.
306	240	Alley & Alexander	290	22.2	10.0	216	129	General Life Ins.	216	129	General Life Ins.
307	241	Alley & Alexander	291	22.3	10.1	217	130	General Life Ins.	217	130	General Life Ins.
308	242	Alley & Alexander	292	22.4	10.2	218	131	General Life Ins.	218	131	General Life Ins.
309	243	Alley & Alexander	293	22.5	10.3	219	132	General Life Ins.	219	132	General Life Ins.
310	244	Alley & Alexander	294	22.6	10.4	220	133	General Life Ins.	220	133	General Life Ins.
311	245	Alley & Alexander	295	22.7	10.5	221	134	General Life Ins.	221	134	General Life Ins.
312	246	Alley & Alexander	296	22.8	10.6	222	135	General Life Ins.	222	135	General Life Ins.
313	247	Alley & Alexander	297	22.9	10.7	223	136	General Life Ins.	223	136	General Life Ins.
314	248	Alley & Alexander	298	23.0	10.8	224	137	General Life Ins.	224	137	General Life Ins.
315	249	Alley & Alexander	299	23.1	10.9	225	138	General Life Ins.	225	138	General Life Ins.
316	250	Alley & Alexander	300	23.2	11.0	226	139	General Life Ins.	226	139	General Life Ins.
317	251	Alley & Alexander	301	23.3	11.1	227	140	General Life Ins.	227	140	General Life Ins.
318	252	Alley & Alexander	302	23.4	11.2	228	141	General Life Ins.	228	141	General Life Ins.
319	253	Alley & Alexander	303	23.5	11.3	229	142	General Life Ins.	229	142	General Life Ins.
320	254	Alley & Alexander	304	23.6	11.4	230	143	General Life Ins.	230	143	General Life Ins.
321	255	Alley & Alexander	305	23.7	11.5	231	144	General Life Ins.	231	144	General Life Ins.
322	256	Alley & Alexander	306	23.8	11.6	232	145	General Life Ins.	232	145	General Life Ins.
323	257	Alley & Alexander	307	23.9	11.7	233	146	General Life Ins.	233	146	General Life Ins.
324	258	Alley & Alexander	308	24.0	11.8	234	147	General Life Ins.	234	147	General Life Ins.
325	259	Alley & Alexander	309	24.1	11.9	235	148	General Life Ins.	235	148	General Life Ins.
326	260	Alley & Alexander	310	24.2	12.0	236	149	General Life Ins.	236	149	General Life Ins.
327	261	Alley & Alexander	311	24.3	12.1	237	150	General Life Ins.	237	150	General Life Ins.
328	262	Alley & Alexander	312	24.4	12.2	238	151	General Life Ins.	238	151	General Life Ins.
329	263	Alley & Alexander	313	24.5	12.3	239	152	General Life Ins.	239	152	General Life Ins.
330	264	Alley & Alexander	314	24.6	12.4	240	153	General Life Ins.	240	153	General Life Ins.
331	265	Alley & Alexander	315	24.7	12.5	241	154	General Life Ins.	241	154	General Life Ins.
332	266	Alley & Alexander	316	24.8	12.6	242	155	General Life Ins.	242	155	General Life Ins.
333	267	Alley & Alexander	317	24.9	12.7	243	156	General Life Ins.	243	156	General Life Ins.
334	268	Alley & Alexander	318	25.0	12.8	244	157	General Life Ins.	244	157	General Life Ins.
335	269	Alley & Alexander	319	25.1	12.9	245	158	General Life Ins.	245	158	General Life Ins.
336	270	Alley & Alexander	320	25.2	13.0	246	159	General Life Ins.	246	159	General Life Ins.
337	271	Alley & Alexander	321	25.3	13.1	247	160	General Life Ins.	247	160	General Life Ins.
338	272	Alley & Alexander	322	25.4	13.2	248	161	General Life Ins.	248	161	General Life Ins.
339	273	Alley & Alexander	323	25.5	13.3	249	162	General Life Ins.	249	162	General Life Ins.
340	274	Alley & Alexander	324	25.6	13.4	250	163	General Life Ins.	250	163	General Life Ins.
341	275	Alley & Alexander	325	25.7	13.5	251	164	General Life Ins.	251	164	General Life Ins.
342	276	Alley & Alexander	326	25.8	13.6	252	165	General Life Ins.	252	165	General Life Ins.
343	277	Alley & Alexander	327	25.9	13.7	253	166	General Life Ins.	253	166	General Life Ins.
344	278	Alley & Alexander	328	26.0	13.8	254	167	General Life Ins.	254	167	General Life Ins.
345	279	Alley & Alexander	329	26.1	13.9	255	168	General Life Ins.	255	168	General Life Ins.
346	280	Alley & Alexander	330	26.2	14.0	256	169	General Life Ins.	256	169	General Life Ins.
347	281	Alley & Alexander	331	26.3	14.1	257	170	General Life Ins.	257	170	General Life Ins.
348	282	Alley & Alexander	332	26.4	14.2	258	171	General Life Ins.	258	171	General Life Ins.
349	283	Alley & Alexander	333	26.5	14.3	259	172	General Life Ins.	259	172	General Life Ins.
350	284	Alley & Alexander	334	26.6	14.4	260	173	General Life Ins.	260	173	General Life Ins.
351	285	Alley & Alexander	335	26.7	14.5	261	174	General Life Ins.	261	174	General Life Ins.
352	286	Alley & Alexander	336	26.8	14.6	262	175	General Life Ins.	262	175	General Life Ins.
353	287	Alley & Alexander	337	26.9	14.7	263	176	General Life Ins.	263	176	General Life Ins.
354	288	Alley & Alexander	338	27.0	14.8	264	177	General Life Ins.	264	177	General Life Ins.
355	289	Alley & Alexander	339	27.1	14.9	265	178	General Life Ins.	265	178	General Life Ins.
356	290	Alley & Alexander	340	27.2	15.0	266	179	General Life Ins.	266	179	General Life Ins.
357	291	Alley & Alexander	341	27.3	15.1	267	180	General Life Ins.	267	180	General Life Ins.
358	292	Alley & Alexander	342	27.4	15.2	268	181	General Life Ins.	268	181	General Life Ins.
359	293	Alley & Alexander	343	27.5	15.3	269	182	General Life Ins.	269	182	General Life Ins.
360	294	Alley & Alexander	344	27.6	15.4	270	183	General Life Ins.	270	183	General Life Ins.
361	295	Alley & Alexander	345	27.7	15.5	271	184	General Life Ins.	271	184	General Life Ins.
362	296	Alley & Alexander	346	27.8	15.6	272	185	General Life Ins.	272	185	General Life Ins.
363	297	Alley & Alexander	347	27.9	15.7	273	186	General Life Ins.	273	186	General Life Ins.
364	298	Alley & Alexander	348	28.0	15.8	274	187	General Life Ins.	274	187	General Life Ins.
365	299	Alley & Alexander	349	28.1	15.9	275	188	General Life Ins.	275	188	General Life Ins.
366	300	Alley & Alexander	350	28.2	16.0	276	189	General Life Ins.	276	189	General Life Ins.
367	301	Alley & Alexander	351	28.3	16.1	277	190	General Life Ins.	277	190	General Life Ins.
368	302	Alley & Alexander	352	28.4	16.2	278	191	General Life Ins.	278	191	General Life Ins.

Struck 2p.....	205	-3	+3.68
(David S.) 20p	184		+3.0
1 dollar	259		+20.73

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931	-1	M4.0	2
200	Q11.2	2

[illegible]

24	TR Trustees Corp	164	+1	38
11	Temple Bar	154	+1	53
37	Thorn Sec Growth	59	+1	3.75

[illegible]

PLANTATIONS

[illegible]

reduced, paused or deleted.
to non-residents on application.

[illegible]

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NOTES

Unless otherwise indicated, prices and net discounts are in pence and denominated are Zips. Estimated percentages, ratios and covers are based on the latest available figures. Figures are in per cent, for more details see the notes on the following pages. PFEs are calculated on "net" distributions basis, earnings per share being computed as profit after taxation and dividend at PFE where applicable. PFEs are calculated on "gross" distributions basis, earnings per share being computed as profit after taxation and dividend at PFE where applicable. PFEs are calculated on "net" distributions basis, earnings per share being computed as profit after taxation and dividend at PFE where applicable. PFEs are calculated on "gross" distributions basis, earnings per share being computed as profit after taxation and dividend at PFE where applicable. Yields are based on middle prices, are gross, adjusted at PFE of 30 per cent and shown for value of declared distributions and rights.

Figures and Lines marked that have been adjusted to allow for rights issues for each.

[illegible][illegible]

REGIONAL & IRISH STOCKS			
The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.			
Albury Inc 25p	194	Plat. 13% 97/02	£184
Crop & Rice 21	£14	Irish Armco	328
Fyke Pulp 31p	47	CPI Wiggins	57
Holt Lloyds 25p	75	Carroll Iron	171
Irish Sun 12	745	Irish Steel Co	66
		Hall (R. & N.)	37
		Heaton Ridge	31
		Irish Ropes	35
		Unicruis	156d
1958			
Fund 11% 4/8	£100		
Rat. 9% 6/8 9/8	£174		

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option

*First Declared Last Account
Dealings from Dealings Day
Feb 24 Mar 6 Mar 7 Mar 17
Mar 10 Mar 26 Mar 27 Apr 7
Apr 1 Apr 10 Apr 11 Apr 21
New-time dealings may take
place from 9.30 am two business days
earlier.

Early optimism aroused by
Wall Street's searing late
advance to a record level on
Friday faded as equity investors
showed restraint yesterday ahead
of today's budget proposals.
Within minutes of the opening
the FT Ordinary share index
rose to a new interim peak of
1,371.4 but the gain of over ten
points was gradually whittled
away and it closed 3 points down
on the session at 1,357.7.

Interest rate hopes and
thoughts that the Chancellor
could make modest tax conces-
sions were other contributory
factors to the strong initial tone.
For a while business was lively
until demand faltered in the face
of profit-taking and blue chips
investors retreated from their
enhanced levels. Certain stocks
reached more than others as
dealers were able to rectify
tricky trading positions. The
inconclusive outcome of the
weekend Opec meeting was no
surprise.

Trade throughout the after-
noon was extremely light but the
market became more active
towards the close of the day.
The Dow Jones index fell
sharply to show an early loss
of 22 points and leading
shares in London followed to
close a few pence off the day.
Many good features, however,
appeared among secondary in-
dustrials following a spate of
weekend Press recommendations
and favourable trading state-
ments.

Gilt-edged traders had forecast
a slow pre-budget session. Con-
trary to expectations, interest
flared up in the new partly-paid
long term stock. Conversion of
cent 2000 "A" Foreign demand
caused the authorities to activate
the stock, £1bn of which was
issued to the Bank of England
on Friday. The market opened
before the business was satisfied.

Other longer-dated British
funds recovered from slightly
lower opening levels on the back
of the buying and also on 27m-
nise in gilt futures. Afternoon
selling caused a change of mood
and the price gains, usually of 1,
were eventually replaced by falls
of that amount. The shorts on
the other hand, maintained a
bright tone throughout on anti-
cipations of bank base rates being
reduced sometime this week.

A quiet banking sector was
featured by the strength of
several overseas currencies. ANZ
moved up 21 to 263p and
Westpac were a similar amount
better at 285p, while National
Australia advanced 26 at 303p
on reported US demand. Deut-
sche gained 4 points to 237p
and Compagnie Bancaire firmed
82 points to 1115p. Standard
Chartered edged forward a few

Pre-budget restraint pulls equities
back from buoyant opening

ence to 545p in response to
Press speculation about a
possible consortium bid. Home
banks, however, drifted lower
for want of fresh support. Mid-
land gave up 4 at 453p and
Lloyds softened 3 at 553p. Among
merchant banks, Rothchild im-
proved 2 to 129p and the
warrants gained 3½ to 61p on a
weekend Press suggestion that
Morgan Grenfell could launch a
bid for the group.

Wellcome continued firmly
among recently-issued equities,
rising 12 more to 230p, after
235p, in response to weekend
Press comment on the good pro-
gress being made in its research
into the treatment of AIDS.

Pre-Budget nervousness cur-
tailed business in Breweries.
Bass, however, advanced a few
pence more to 720p, after 723p,
decision to dispose of its 5 per
cent stake last week. Regionals
were also subdued, although
Boddingtons hardened a couple
of pence further to 107p ahead
of Thursday's full-year figures.

The undertone in the Building
sector remained firm. Blue
Circle were finally 5p dearer at
648p, after 650p, and RMC 8p
higher at 412p, after 404p, on
Thursday's full-year figures.

Housebuilders, although below
the best, reflected hopes of a cut
in mortgage rates in the near
future. Barratt Developments,
interim results due on Thursday,
touched 148p prior to closing 4
up at 144p. George Wimpey
closed a penny better at 167p,
after 170p. Elsewhere, AMEC
found further support at 260p,
up 7 and Taylor Woodrow rose
10 to 560p, while renewed
demand in a restricted market
lifted J. Jarvis 17 to 310p. Press
comment highlighting bid pro-
spects stimulated fresh interest in
Mandera, 6 higher at 225p, but
the absence of any news con-
cerning current merger talks
left Raine Industries 2½ easier at
45p.

KCI traded quietly around the
10 level after drifting off on
early Wall Street influences to
close 8 cheaper on balance at
992p. Laporte settled 5 lower at
403p, as did Wards Stores, 21
lower at 142p. British Retail
21 to 80p, but William Canning
gained 4 to 130p, after 130p,
reflecting Press comment on the
company's US growth prospects.

Stores below best

Selectively supported from the
outset, leading Stores below
best. Marks and Spencer, after
occasional offerings and closed well below
best levels. Talk of a possible
bid from Dea Corporation lifted
Woolworth to 618p in initial

FINANCIAL TIMES STOCK INDICES

	Mar. 17	Mar. 18	Mar. 19	Mar. 20	Mar. 21	Mar. 22	Mar. 23	Mar. 24	Mar. 25	Mar. 26	Mar. 27	Mar. 28	Mar. 29	Mar. 30	Mar. 31	Year ago
Government Secs	88.54	88.57	88.43	88.58	88.58	87.72	80.30									
Fixed Interest	92.93	92.90	92.97	92.81	92.81	91.48	84.01									
Ordinary	1357.7	1357.7	1350.6	1350.7	1349.8	1306.6	995.4									
Gold Mines	216.3	216.7	215.0	215.0	215.0	215.0	215.0									
Ord. Div. Yield	5.59	5.59	5.59	5.59	5.59	5.59	5.59									
Shareholder Yield	13.07	13.07	12.95	12.95	12.95	12.95	12.95									
Total Income	38,253	38,253	38,253	38,253	38,253	38,253	38,253									
Equity turnover	1,357.7	1,357.7	1,350.6	1,350.7	1,349.8	1,306.6	995.4									
Equity bargains	40,352	40,352	40,352	40,352	40,352	40,352	40,352									
Shares traded (m)	389.1	389.1	389.1	389.1	389.1	389.1	389.1									

10 am 1370.7, 11 am 1365.5, Noon 1365.5, 1 pm 1364.2, 2 pm 1364.0,
3 pm 1363.6, 4 pm 1363.6, Day's High 1371.4, Day's Low 1357.7, Range
100 Government Securities 19/10/76, Fixed Interest 15/10/76, Ordinary 1/7/76,
Gold Mines 12/9/76, SE Activity 1/7/76, Latest Index 01-246 9028, *Nil=12.57,
Corrected.

HIGHS AND LOWS

	1985/86	Since Completion	INDICES	Mar. 17	Mar. 18
Govt. Secs.	88.54	78.02	127.4	49.18	174.4
Fixed Int.	92.93	82.17	100.5	261.3	279.2
Ordinary	1357.7	911.0	1260.7	198.9	198.7
Gold Mines	216.3	216.7	215.0	215.0	215.0

S.E. ACTIVITY

	1985/86	Since Completion	INDICES	Mar. 17	Mar. 18
Govt. Secs.	88.54	78.02	127.4	49.18	174.4
Fixed Int.	92.93	82.17	100.5	261.3	279.2
Ordinary	1357.7	911.0	1260.7	198.9	198.7
Gold Mines	216.3	216.7	215.0	215.0	215.0

trading, the absence of im-
mediate developments, however,
prompted the liquidation of
short-term positions and the
close was a net 9 cheaper at 603p.
Harris Queensway, buoyant
recently amid bid hopes, dipped
10 to 246p, while W. R. Smith
"A" up to 322p at one stage.
Settled 3 cheaper on balance at
314p. Secondary Stores traded
in much more subdued fashion
than of late. The absence of
news concerning the recent bid
approaches coupled with "put"
options business led to renewed
"shell" situation Martin Ford
5 cheaper at 117p. Executec
Clothes also met profit-taking
and eased 10 to 103p, while
Marks and Spencer supplies S. R.
Great eased 6 to 64p in front of
today's half-time. In contrast,
favourable Press comment lifted
Tern 3 to 50p, and Blanchards
13 to 130p; the latter interim
figures are scheduled for Thurs-
day. Further consideration of
the pleasing full-year figures
lifted World of Leather 10 to
225p, while fresh demand in a
relatively narrow market saw
Share Drug 17 higher to 285p.

Shoes and Leather issues made
progress under the lead of
Pittard which revealed increased
annual profits and advanced 6 to
94p, after 98p. Lambert Hewart
rose 10 to 203p in sympathy,
while Style touched 24½ before

mystery buyer was bidding 225p
per share for a 14.99 per cent
stake in the company. Hilldown
Holdings, which on Friday re-
vealed that it had increased its
stake in Berisford to 10.39 per
cent, settled 3 cheaper at 240p,
after 235p. Tate and Lyle,
mentioned as a possible suitor
for Berisford, were finally un-
changed at 595p, after 598p.
Elsewhere in the Food sector,
Unigate attracted fresh demand
following Press comment and
touched 256p prior to closing
7 higher at 260p. Jamesons
Chocolates were boosted by bid
speculation and rose 30 to 135p
in a restricted market.

Trusthouse Forte advanced to
202p amid fresh bid speculation
before easing back on profit-
taking to close only a couple
of pence dearer on balance at
194p. Grand Metropolitan slipped
5 to 370p, while Lablache gave
up 8 to 385p.

Thomas Jourdan up

Leading miscellaneous indus-
trial started the day on a firm
note, but gradually drifted off
to close a few pence lower on
balance. Boots, however, retained
a gain of 5 at 271p, after 275p.
BOC, in contrast, ended 4 off at
544p, after 548p, on the news
of a 15 per cent increase in the
share price. Elsewhere, Thomas
Jourdan, reflecting the good annual
results and proposed one-for-one
scrip issue, advanced 25 to 189p.

A flurry of speculative demand
left Associated British Ports 36
to the good at 522p, the rise
being accompanied by talk of a
possible bid for the company. The
left Cowan de Groot 6 higher
at 71p, while Hepworth Ceramic,
scheduled to reveal preliminary
figures tomorrow, put on 5
to 183p. Speculative buying
prompted a rise of 8 to 78p in
Dewk Group, but Freshfield eased
a few pence to 154p following
the interim results. Elsewhere,
industrials were again supported
at 24p, up 6, but Turner and
Newall eased 6 to 183p on vague
talk of a large issue of shares
overhanging the market. Beaton
Clark advanced to 189p in
response to the annual results
before falling back on profit-
taking to close only 9p firmer
at 122p. 190p. Vale were
supported and put on 7 to 227p,
while Expamet, awaiting today's
preliminary figures, rose a
similar amount to 185p.

Engineers continued to trade in
irregular fashion. AEC supported
of late following a sizeable value
spring order from Cadillac, eased
a few pence to 120p, while Ler-
month results expected March
26, gave up 3 to 637p. Charlie
Brown Car Part Centres, hard-
ened 5 to 150p in response
to the interim results. Car
Associated Newspapers closed
7 to 288p following the proposed
rights issue. Octopus, on the
other hand, improved 20 to 690p
in front of Thursday's prelimi-
nary results.

Leading Properties edged
higher initially, but drifted off
in the absence of further buy-
ing interest to close virtually
unchanged. Secondary issues,
however, displayed several not-
eworthy movements. Rosehange
met with renewed buying
interest on prospects and reached
above 500p before a bout of profit-

taking left the close 5 cheaper
on balance at 545p. Bradford
Property attracted fresh demand
at 490p, up 20, while Cussius
rose 25 to 215p.

Oil shares traded in a narrow
band awaiting the outcome of
the OPEC meeting in Geneva
and today's Budget. A few pence
easier in mid-afternoon, reflect-
ing the decline in other equity
sectors, the big two, BP and
Shell, steadied after hours and
closed unchanged at 548p and
743p respectively amid rumours
that Saudi Arabia had agreed to
observe production restraints to
stabilise oil prices around the
\$18 to \$20 a barrel level. Britoil,
reporting full-year results on
Thursday, were a shade firmer
at 181p, after 178p. Burmah
were marked up to a 1985-86
high of 354p at the outset, still
reflecting talk of an imminent
bid, but retreated to 342p prior
to closing a net 4 firmer at 347p.

The South African Budget
news was regarded as broadly
neutral and had little effect on
South African gold and related
issues which opened a shade
easier and moved narrowly for
most of the session prior to
picking up after hours. The lat-
terly followed a marked improve-
ment in the bullion price which
was finally a net 86 firmer at
\$352.75 an ounce in the wake of
the initial sharp decline on Wall
Street.

Leading Golds showed minor
movements in either direction.
Randfontein dipped a point to
544p, after 548p, on the news
of a 15 per cent increase in the
share price. Elsewhere, Thomas
Jourdan, reflecting the good annual
results and proposed one-for-one
scrip issue, advanced 25 to 189p.

A flurry of speculative demand
left Associated British Ports 36
to the good at 522p, the rise
being accompanied by talk of a
possible bid for the company. The
left Cowan de Groot 6 higher
at 71p, while Hepworth Ceramic,
scheduled to reveal preliminary
figures tomorrow, put on 5
to 183p. Speculative buying
prompted a rise of 8 to 78p in
Dewk Group, but Freshfield eased
a few pence to 154p following
the interim results. Elsewhere,
industrials were again supported
at 24p, up 6, but Turner and
Newall eased 6 to 183p on vague
talk of a large issue of shares
overhanging the market. Beaton
Clark advanced to 189p in
response to the annual results
before falling back on profit-
taking to close only 9p firmer
at 122p. 190p. Vale were
supported and put on 7 to 227p,
while Expamet, awaiting today's
preliminary figures, rose a
similar amount to 185p.

Engineers continued to trade in
irregular fashion. AEC supported
of late following a sizeable value
spring order from Cadillac, eased
a few pence to 120p, while Ler-
month results expected March
26, gave up 3 to 637p. Charlie
Brown Car Part Centres, hard-
ened 5 to 150p in response
to the interim results. Car
Associated Newspapers closed
7 to 288p following the proposed
rights issue. Octopus, on the
other hand, improved 20 to 690p
in front of Thursday's prelimi-
nary results.

Leading Properties edged
higher initially, but drifted off
in the absence of further buy-
ing interest to close virtually
unchanged. Secondary issues,
however, displayed several not-
eworthy movements. Rosehange
met with renewed buying
interest on prospects and reached
above 500p before a bout of profit-

EQUITIES

Issue Price	Amount Paid	Return	1985/86	Stock	Closing Price	+ or -	Vol.	Time	Div.	Yield	Div.	Yield
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		

FIXED INTEREST STOCKS

Issue Price	Amount Paid	Return	1985/86	Stock	Closing Price	+ or -	Vol.	Time	Div.	Yield	Div.	Yield
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		

RIGHTS OFFERS

Issue Price	Amount Paid	Return	1985/86	Stock	Closing Price	+ or -	Vol.	Time	Div.	Yield	Div.	Yield
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		
1160	F.P. 184	194	190	88p Hodge 10p	192	-2	85.0	2.2	2.7	17.3		

Announcement date usually last day for dealing free of stamp duty. Figures
based on prospectus estimates. *Assumed dividend and yield. †Forecast
dividend cover on earnings updated by latest interim statement. ‡Dividend
based on previous dividend. §Forecast dividend. ¶Forecast dividend. ††Forecast
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WORLD STOCK MARKETS

AUSTRIA			GERMANY			NORWAY			AUSTRALIA (continued)			JAPAN (continued)		
Mar. 17	Price	+ or -	Mar. 17	Price	+ or -	Mar. 17	Price	+ or -	Mar. 17	Price	+ or -	Mar. 17	Price	+ or -
Bank Austria	1,320	+10	Bank Austria	1,320	+10	Bank Austria	1,320	+10	Bank Australia	1,320	+10	Bank of Japan	1,320	+10
... (many more rows) (many more rows) (many more rows) (many more rows) (many more rows) ...		

CANADA

TORONTO			NEW YORK			LONDON		
Mar. 17	Price	+ or -	Mar. 17	Price	+ or -	Mar. 17	Price	+ or -
Alcan	1,320	+10	Alcan	1,320	+10	Alcan	1,320	+10
... (many more rows) (many more rows) (many more rows) ...		

Indices

NEW YORK			LONDON			ASIA		
Mar. 17	Price	+ or -	Mar. 17	Price	+ or -	Mar. 17	Price	+ or -
Dow Jones	1,320	+10	Dow Jones	1,320	+10	Dow Jones	1,320	+10
... (many more rows) (many more rows) (many more rows) ...		

OVER-THE-COUNTER

Continued from Page 47			LONDON			ASIA		
Stock	Price	+ or -	Stock	Price	+ or -	Stock	Price	+ or -
Alcan	1,320	+10	Alcan	1,320	+10	Alcan	1,320	+10
... (many more rows) (many more rows) (many more rows) ...		

NEW YORK ACTIVE STOCKS			LONDON			ASIA		
Stock	Price	+ or -	Stock	Price	+ or -	Stock	Price	+ or -
Alcan	1,320	+10	Alcan	1,320	+10	Alcan	1,320	+10
... (many more rows) (many more rows) (many more rows) ...		

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Confidence undermined by Opec

WITH their confidence in the outlook for oil prices and interest rates overshadowed by the meeting of Opec ministers, Wall Street stocks fell back sharply yesterday, writes Terry Byland in New York.

Bond prices steadied from early falls on the disclosure that US factory operating rates had dipped to 80 per cent last month.

At 3pm, the Dow Jones industrial average was down 21.19 at 1,771.55.

Market analysts remained divided in their views of prospects for the financial markets. The fall in factory utilisation rates enhances the likelihood that the Fed will actively manage rates lower to stimulate the economy. Others pointed cautiously to the attempts by the Opec meeting to stabilise world oil prices at \$15-\$20 a barrel.

Technology issues gave a poor lead in the stock market, as brokerage firms continued to take a slightly bearish view of sales prospects in this competitive industry.

Xerox, down 2 1/2% at \$68, saw minor selling pressure after Smith Barney was reported to have taken the stock off its recommended list.

IBM, a soft feature for the past week, continued to give ground in hefty turnover. At \$150 1/4, Big Blue shed 3/4%, after slipping to \$149 1/4 on reports that another Wall Street house had trimmed its earnings forecast for the world leader of the computer industry.

Digital Equipment, number two to IBM in the data processing business, plunged 3 1/2% to \$165 1/4. Honeywell, 3 1/4% off at \$77, Burroughs, unchanged at \$87 1/4 and Control Data, down 5/8% at \$25 1/4 were others to lose support.

Oils were cautious in their response to reports from the Opec meeting in Geneva. Exxon, at \$54 1/4, shed 3/4%, Chevron lost 3/4% to \$37 1/4, while Atlantic Richfield at \$52 1/4 edged forward 5/8%.

Motor stocks, too, remained nervous as Wall Street examined the latest fall in sales disclosed by Detroit. General Motors steadied 1/4% up at \$80 1/4 in light trading, but Ford at \$72 1/4, lost 3/4% as changes in the European management were scrutinised.

Tobacco issues gave back much of the gain which greeted last week's favourable legal ruling on the privacy of corporate documents. Philip Morris fell 3/4% to \$116 1/4, but selling was light. R. J. Reynolds eased 5/8% to \$41 1/4.

A strong feature among the Dow stocks was Eastman Kodak, up 1 1/4% at \$59 1/4, with turnover of well over 1m shares lending support to rumours that the takeover arbitrage specialists are on the move.

Heavy buying of Rorer, the health care group, drove it up 1 1/4% to \$38 1/4, raising hopes that Mr Alan Clore, the UK financier, might be increasing his 9.2 per cent stake as a platform for an all-out bid.

On the American Stock Exchange, Philippines Telephone was suspended as the Filipino anti-corruption commission began an examination of the group amid claims that ex-president Marcos has a major stake.

Merck, the pharmaceutical leader, gave up 1 1/4% to \$180 and most other drug stocks suffered from the profit-takers.

Chemicals, too, were weak, with Du Pont providing the weak feature with a fall of 1 1/4% to \$76 1/4.

The airline sector had a calm session. TWA held unchanged at \$17 1/4 as the dispute with cabin staff continued. Delta fell 5/8% to \$39 1/4.

Retail stocks took a tumble, with Sears Roebuck dropping 1 1/4% to \$48 1/4 and J.C. Penney 5/8% to \$65 1/4. K mart, still benefiting from its profit figures, added 3/4% to \$42 1/4.

A new bid feature was Warnaco, up 3/4% at \$37 1/4 in brisk trading after W acquisition of Delaware offered \$36 a share, in the face of a management buy-out valued by Warnaco at \$33.30 and by the buyout group at \$40 for each Warnaco share.

In the credit market, short-term rates showed very slight gains, behind a federal funds rate at 7 1/4 per cent. The bond market, encouraged by the downturn in factory operating rates, was also steady at midsession.

LONDON

Pre-budget restraint takes hold

EARLY OPTIMISM, aroused by Wall Street's stunning Friday performance, faded in London equity markets yesterday as pre-budget restraint was judged more fitting.

An opening gain of over 10 points in the FT Ordinary index was reversed through profit-taking and some unease over the inconclusive Opec meeting and the index finished the day 3 points lower at 1,357.7.

Glits traders had expected a slow session but interest flared in the new partly paid long top stock Conversion 9 per cent 2000 A. Foreign demand caused the authorities to activate the stock, £1bn of which was issued to the Bank of England late on Friday, at 20% and 20% before the business was satisfied.

Chief price changes, Page 45; Details, Page 44; Share information service, Pages 42-43

EUROPE

Post-poll hesitation hits Paris

HESITATION HIT Paris as investors determined to wait for the political situation to clear following the narrower-than-expected conservative victory in Sunday's National Assembly elections.

The bourse dropped sharply in early trading as foreigners figured as aggressive sellers. By mid-afternoon some ground was regained and shares were pulled up from their lows of the day.

A 6.5 point fall in the CAC General index left it at 315.9.

The reaction was prompted by concern that the new government will have problems implementing policies but a worse scenario could have been a right-wing landslide win, which could have provided the Government with room to carry out radical policy changes.

Most bourse analysts forecast a lower trend after the elections. Mr Xavier Dupont, chairman of the Stockbrokers' Association, yesterday said the bourse could fall by 10 per cent during the next few weeks before stabilising. He was, however, optimistic about the long term, saying: "The narrowness of the majority will force the new government to continue very tight economic policies and this will be fundamentally good for the market."

Aircraft maker Avions Dassault was one of the most attractive issues on the day, gaining FFr 30 to FFr 1,180. Redoute, the mail order and retail group, put on FFr 7 to FFr 2,225, while toys company Majorette Joux was FFr 19 ahead at FFr 639.

Food group Lesieur added FFr 11 to FFr 893 while Beghin-Say, also in the food sector, dropped FFr 6.50 to FFr 403.50.

Stockholm surged to a record, led by stronger industrials gaining on the back of the oil price collapse. The Veckans Affarer all-share index rose 7 points to 675.5, passing the previous record of 673.8 set last Monday.

Individual investors leaped on Fermenta, which resumed trading sharply down last week after a nine-day suspension. The share shrugged off its previous

troubles and gained SKr 23 to SKr 180 as it topped the active list.

Milan also ended higher due to hectic institutional buying.

Both Generali and Fiat hit new peaks, the former put on L.6,100 to L.111,000 and the latter L.385 to L.10,000.

Little activity was seen in Frankfurt where prices edged slightly higher. The Commerzbank index declined 0.5 to 2,091.9.

Early enthusiasm, fostered by Wall Street's strong performance on Friday, dissipated as mild profit-taking set in around midday.

Chemicals and banks recorded some gains while export-oriented motor issues declined as the lower dollar deterred both foreign and domestic buyers.

Schering picked up DM 15 to DM 580. Hoechst was ahead DM 1.50 at DM 326 and Bayer gained DM 1.20 to DM 344.20 while higher 1985 profits boosted Bayerische Vereinsbank DM 15 to DM 575 and Bayerische Hypotheken DM 8 to DM 617.

Bonds added around 30 basis points and the Bundesbank sold DM 139.2m worth of paper after buying DM 23.3m on Friday.

Zurich and Brussels continued to consolidate and shares ended mixed.

Madrid fell victim to a technical correction following last week's record sessions and utilities showed the sharpest losses on the day.

Amsterdam drifted lower in the absence of overseas investors, and in the bond market prices ended unchanged.

TOKYO

Downturn on concern of overheating

A MILD retreat was staged in Tokyo yesterday after 12 consecutive days of increases, as investors became concerned over price levels and the yen's sharp climb against the dollar, writes Shigeo Nishizaki of Niji Press.

Prices fluctuated widely, soaring 83 points above the previous close early in the morning and plunging 116 points below under four hours later in response to the surge in the yen.

The yen rose to between Y174 and Y175 to the dollar late in the morning on the Tokyo foreign exchange market.

As the Japanese currency steadied, buying interest in stocks revived, with domestic demand-oriented stocks recouping most of their lost ground.

The Nikkei average closed 8.95 down at 14,655.52 on a volume of 874m shares, down slightly from last Friday's 958m. Losers outnumbered gainers by 499 to 384, with 89 issues unchanged.

Investors favoured domestic demand-related stocks on expectations of lower interest rates at home and abroad. Hidden-incentive issues and blue-chips eased on light selling, reflecting the strengthening of the yen. But investors resumed buying of domestic stocks and incentive-based shares.

Among domestic issues, constructions were popular on hopes that the Government's package of economic measures to be announced next month will include higher spending on public works. Kajima Corporation jumped Y860 to Y37 and Ohbayashi Y35 to Y515. Sato Kogyo also firmed Y37 to Y455 and Tekken Construction Y39 to Y330.

Mitsubishi Estate added Y80 to Y1,560, surpassing its record of Y1,550 scored in 1978. Mitsui Real Estate Development also gained Y30 to Y1,420 and Mitsubishi Warehouse and Transportation Y45 to Y1,030. Among railways, Keisei Electric Railway added Y20 to Y565 and Nippon Express Y23 to Y773, both on heavy buying.

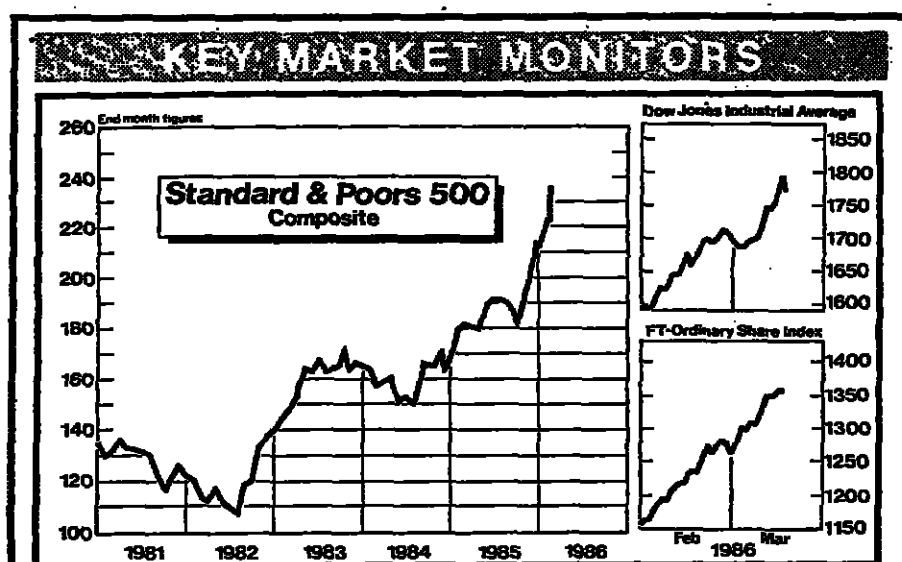
Utilities attracted investors, but price advances slowed because of fears that they have gone too high recently. Tokyo Electric Power gained Y10 to Y3,590 and Tokyo Gas Y1 to Y396.

Among blue-chips, Hitachi eased Y10 to Y745, Sony Y80 to Y3,460 and Ricoh Y27 to Y883.

Bond trading among dealers gained momentum as the yen rose against the dollar. The yield on the benchmark 6.2 per cent government bond due in July 1995 fell to 4.820 per cent, down from last Friday's 4.910 per cent.

Dealers and institutional investors were confident interest rates would continue falling around the world. Nonetheless, institutions, daunted by the recent steep decline in bond yields, kept a low profile.

The market's attention is focused on the coupon rate and issue amount of the April issue of 10-year government bonds, which are due to be set late this month.



NEW YORK	March 17	Previous	Year ago
DJ Industrials	1,771.55*	1,792.74	1,247.35
DJ Transport	803.73*	818.24	602.19
DJ Utilities	186.14*	189.47	147.00
S&P Composite	233.84*	236.55	176.53

LONDON	March 17	Previous	Year ago
FT Ord	1,357.7	1,380.7	995.4
FT-SE 100	1,622.6	1,624.4	1,309.9
FT-A All-share	791.4	791.05	625.44
FT-A 500	871.71	871.72	683.66
FT Gold mines	318.3	319.7	481.7
FT-A Long gilt	9.58	9.56	10.78

TOKYO	March 17	Previous	Year ago
Nikkei	14,655.52	14,516.77	12,468.8
Tokyo SE	1,168.91	1,166.18	997.88

AUSTRALIA	March 17	Previous	Year ago
All Ord.	1,089.5	1,089.5	794.5
Metals & Mins.	525.4	525.4	476.3

AUSTRIA	March 17	Previous	Year ago
Credit Aktien	115.73	115.33	71.54

BELGIUM	March 17	Previous	Year ago
Belgian SE	3,362.27	3,350.16	2,305.2

CANADA	March 17	Previous	Year ago
Toronto	2,319.4*	2,346.1	2,014.0
Metals & Mins	2,955.7*	2,957.7	2,584.6
Montreal Portfolio	1,510.83*	1,512.14	128.89

DENMARK	March 17	Previous	Year ago
SE	238.42	238.13	176.69

FRANCE	March 17	Previous	Year ago
CAC Gen	315.9	322.4	208.1
Ind. Tendance	120.5	123.2	112.8

WEST GERMANY	March 17	Previous	Year ago
FAZ-Aktien	694.21	690.57	419.17
Commerzbank	2,081.9	2,092.4	1,214.0

HONG KONG	March 17	Previous	Year ago
Hang Seng	1,566.46	1,607.83	1,333.76

ITALY	March 17	Previous	Year ago
Banca Comm.	658.01	621.96	274.2

NETHERLANDS	March 17	Previous	Year ago
ANP-CBS Gen	260.6	260.9	207.8
ANP-CBS Ind	249.3	249.3	165.6

NORWAY	March 17	Previous	Year ago
Oslø SE	344.05	344.81	316.61

SINGAPORE	March 17	Previous	Year ago
Straits Times	570.56	576.56	841.17

SOUTH AFRICA	March 17	Previous	Year ago
JSE Golds	-	1,220.7	827.2
JSE Industrials	-	1,155.2	856.7

SPAIN	March 17	Previous	Year ago
Madrid SE	150.72	154.42	111.57

SWEDEN	March 17	Previous	Year ago
J & P	1,960.72	1,935.55	1,437.39

SWITZERLAND	March 17	Previous	Year ago
Swiss Bank Ind	583.0	579.2	430.2

WORLD	March 14	Prev	Year ago
MS Capital Int'l	298.0	293.3	195.9

COMMODITIES	March 17	Prev
(London)		
Silver (spot fixing)	367.50p	368.80p
Copper (cash)	£1,001.00	£980.50
Coffee (Mar)	£2,427.50	£2,507.50
Oil (spot Arabian Light)	n/a	n/a

GOLD (per ounce)	March 17	Prev
(London)		
Zürich	\$352.75	\$348.75
Paris (fixing)	\$350.45	\$348.15
Paris (cash)	\$348.19	\$350.81
London	\$347.90	\$348.10
New York (April)	\$358.40	\$348.90

CURRENCIES

US DOLLAR	March 17	Previous	March 17	Previous
(London)				
\$	-	-	1.465	1.464
DM	2.2475	2.262	3.2925	3.3125
Yen	176.85	176.95	257.25	259.0
FFr	6.9075	6.96	10.1175	10.1875
SFr	1.884	1.902	2.76	2.785
Guilder	2.556	2.5525	3.745	3.7375
Lira	1,527.0	1,537.5	2,237.0	2,261.0
CSF	46.0	46.3	67.4	67.8
BP	1.3895	1.3885	2.0357	2.0409

INTEREST RATES

Extra-currencies	March 17	Prev
(3-month offered rate)		
£	11 1/2	11 1/2
SFr	11 1/2	3 1/2
DM	4 1/2	4 1/2
FFr	11 1/2	13 1/2

FT London Interbank funding

(offered rate)	March 17	Prev
3-month US\$	7 1/2	7 1/2
6-month US\$	7 1/2	7 1/2
US Fed Funds	7 1/2	7 1/2
US 3-month CDs	7 1/2	7 1/2
US 3-month T-bills	6 5/2	6 7/2

US BONDS

Treasury	March 17	Prev	Yield
8 1988	101 1/2	7.20	101 1/2
8 1993	105 1/2	7.68	105 1/2
8 1996	107 1/2	7.75	107 1/2
9 2016	114 1/2	7.97	113 1/2

Treasury Index

Maturity	Return	Day's change	Yield	Day's change
1-30	147.86	-0.09	7.88	+0.02
1-10	141.18	-0.02	7.49	+0.02
1-3	133.05	+0.10	7.28	+0.00
3-5	143.35	+0.03	7.57	+0.02
15-30	171.72	-0.36	8.32	+0.03

Source: Merrill Lynch

Corporate	March 17	Prev	Yield
AT & T	101 1/2	9.85	101 1/2
10% June 1990	89 1/2	6.75	89 1/2
3% July 1990	97 1/2	9.05	97 1/2
8% May 2000	97 1/2	9.05	97 1/2

Xerox

10% Mar 1993	106	8.21	106	8.21
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Diamond Shamrock

10% May 1993	101.21	10.25	101.21	10.25
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Federated Dept Stores

10% May 2013	108 1/2	9.7	108 1/2	9.7
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Abbott Lab

11.80 Feb 2013	114 1/2	10.2	114 1/2	10.2
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Alcoa

12% Dec 2012	113 1/2	10.53	113 1/2	10.53
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Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
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US Treasury Bonds (CBT)

8 32nds of 100%	Mar	96-30	98-01	96-21	97-12
		93.80	93.86	93.79	93.80

US Treasury Bills (TMM)

51m points of 100%	Mar	92.87	92.90	92.87	92.86
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